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NEWS SUMMARY

GENERAL

Thorpe will not speak in defence

Jeremy Thorpe will not give evidence in his defence at the Old Bailey murder conspiracy trial, his QC, Mr. George Carman, told the jury yesterday.

The surprise announcement on the 21st day of the trial has brought the trial to its last stages well ahead of the expected schedule. Earlier, counsel for Thorpe's co-accused David Holmes and John Le Mesurier said that they, too, would call no evidence.

Closing

The court will not sit today and closing speeches will begin on Monday. Only the fourth alleged conspirator, George Deakin, gave evidence—which began and ended yesterday.

All four men have pleaded not guilty to conspiring to murder former male model Norman Scott. Thorpe has pleaded not guilty to trying to persuade Holmes to murder Scott.

In his evidence Deakin said he was in the witness box because he had nothing to hide. He said he knew nothing of a plot to kill Scott and claimed he was asked only to find a person to "frighten the hell out of someone" who was blackmailing an unnamed man.

Thousands flee

Several thousand people were evacuated after an explosion and fire ripped through a chemical factory in Jacksonville, Florida, sending deadly fumes over a wide area. Police said a number of people had been injured.

Policeman held

A constable in Scotland Yard's Special Patrol Group was being questioned by detectives investigating the death of Anti-Nazi League demonstrator Blair Peach during a riot at Southall in April.

Pope's plea

Basic human rights must be observed if the horrors of the wartime concentration camps are to be avoided in the future, Pope John Paul said after praying at the twin Nazi camps of Auschwitz and Birkenau in Poland.

Price of freedom

The Vietnamese Government earned about £2m from refugees who arrived in Hong Kong last December aboard the freighter Huey Fong, a court in the colony was told. The refugees had to pay up to £2,000 each for a place on the boat.

Hunt retires

James Hunt, World Formula One champion in 1976, is retiring immediately from motor racing. He said last night: "I am stopping now because my aim this season was to win races. Unfortunately the current state of competitiveness among the cars in Formula One has rendered that target unlikely."

Briefly . . .

Roman Catholic priest among four people helping Irish police with inquiries into a £45,000 ban robbery at Ballina, Co. Mayo.

More than 20,000 Japanese committed suicide last year, say police in Tokyo.

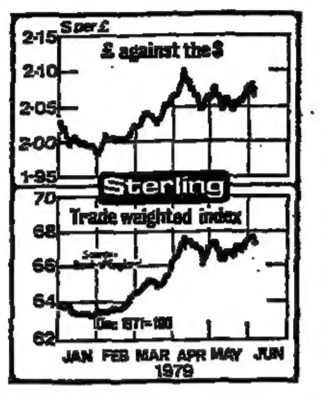
Thirty schoolchildren and a teacher were drowned after a bus fell into Bau Lake, Malaysia.

Three journalists were charged in connection with the death of former Italian Prime Minister

BUSINESS

Sterling weaker; Gilts up 0.25

● STERLING was weak in nervous trading ahead of today's trade figures, its trade-weighted index falling further to 67.3 (67.6). The pound fell 85 points to $2.0655. The dollar's trade-weighted index was unchanged at 87.0.



● GOLD fell $1¾ to close at $277¼ in very active trading.

● EQUITIES failed to extend Wednesday's upturn, the FT 30-share index easing 2.9 to close at 514.0.

● GILTS improved on revived Budget optimism, the Government Securities index closing 0.25 up at 73.16.

● WALL STREET was up 2.51 at 838.01 near the close.

Prestcold union plea rejected

● SIR KEITH JOSEPH, Industry Secretary, has turned down a request from union officials for a meeting over the proposed closure of Prestcold's two Scottish factories with the loss of 900 jobs. Page 9

● FRANCE appears determined to head off UK attempts to secure a commitment from EEC Government Heads meeting in Strasbourg later this month on reducing Britain's net contribution to the EEC budget. Back Page

● CONTROL and supervision of some areas of the securities market has been criticised by Mr. Donald Nicholls, QC, and Mr. Edmund Wright, inspectors appointed by the Department of Trade to investigate the affairs of Larkfold Holdings. Page 9

● COMPANY liquidity fell steeply in the first quarter of this year reaching the lowest level since mid-1977, according to the Industry Department's latest survey of more than 200 major companies. Page 10

● NUMBER of unemployed in Spain rose by 5.2 per cent to 1.13m during the first quarter of the year, according to figures released by the Official Stastics Institute. Page 3

● U.S. wholesale price index for May showed a 0.4 per cent rise from April, the smallest monthly increase since last August. Page 6

● DUNLOP'S International Sports Company has taken action in the Hong Kong High Court against two companies believed to be implicated in the supply of forged tennis rackets to Western Europe. Page 8

COMPANIES

● BTR, the UK industrial holding company, announced its intention of making a £26.3m bid for Bestobell, a fluid engineering and insulation group. Page 24 and Lex

● HARRISONS and Crosfield reports a fall in pre-tax profits in 1978 to £52.3m from £53.3m, on turnover down from £579m to £546m. Page 23 and Lex

● JURONG CEMENT'S public offering of 3.35m of its S$1 par shares at S$1.25 per share was 16.3 times oversubscribed. Page 28

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 12pc '83 A	£101⅛	+ ⅛
Avana	107	+ 7
Bestobell	208	+ 38
Bishop's Stores A	136	+ 20
Blockleys	75	+ 8
Furness Withy	305	+ 21
Hambros	300	+ 17
Harrisons & Crosf'd	762	+ 37
Hawley Leisure	36½	+ 3½
Hickson & Welch	233	+ 6
Jones (E.) (Jwlrs.)	238	+ 8
Mallinson-Denny	74	+ 5
Matthews (B.)	283	+ 13
Plessey	115	+ 5
Provincial Laund.	43½	+ 5½
Samuel (H.) A	350	+ 9
Sunley (B.)	380	+ 10
Vinten	168	+ 12
W.G.I.	126	+ 8
Wearwell	39	+ 6
BP	1240	+ 16
Guthrie	615	+ 17
Muar River	84	+ 9
Central Pacific	730	+ 60
Southern Pacific	280	+ 15
FALLS		
Barclays Bank	463	− 12
Brown & Jackson	350	− 18
Dobson Park	116	− 4
Harmony	449	− 16
Stilfontein	428	− 20
Trans. Cons. Land	£19½	− 1
Ventersport	300	− 14

THE ENERGY CRISIS; Callaghan asks for Government statement

Consumption of oil must be cut by 5%, says Minister

BY KEVIN DONE, ENERGY CORRESPONDENT

The Government yesterday called on all consumers to cut oil consumption immediately by 5 per cent. But Mr. David Howell, the Energy Secretary, ruled out direct intervention by the Government in the allocation of oil supplies.

Steps to ration oil deliveries will be left to the oil companies and the Government is refusing to make any special provisions for priority users.

Mr. James Callaghan, yesterday called for a Government statement in the Commons on Monday on its handling of oil and petrol supplies.

The Labour leader, who telephoned his request to Downing Street, said he was "astonished and concerned" at the lack of Government action when supply problems were affecting industry, railways, agriculture and tourism, as well as the public.

Mr. Callaghan was told that Mr. Howell would be answering Parliamentary questions in the usual way on Monday, but the Opposition leader repeated his demands for a comprehensive statement on Government policy.

Mr. Howell said yesterday that oil company estimates showed that oil supplies to the UK in the first half of the year were likely to be nearly the same as in the first six months of last year.

Demand in the first three months of the year rose by nearly 7 per cent, however, largely because of the very cold weather.

Demand for the whole year could be 2-3 per cent higher than 1978, but stocks had been depleted to such a low level that supplies were not available to meet this increase.

In addition, it was vital for suppliers to rebuild stocks for next winter.

The oil problem was manageable, said Mr. Howell, "provided every one of us, averaged out over the country as a whole, cuts our use of oil and its products by at least 5 per cent."

Mr. Howell warned: "The problem will not go away. It is not a passing phase but a permanent challenge."

North Sea oil did not offer an "escape route." The build-up in production could cushion the UK to some extent from the worst effects of the shortfall in world crude supplies.

"But it does not mean we can isolate ourselves from the world. We have to trade in different qualities of oil to meet our needs. We have international obligations. And along with our industrial partners we have undertaken to use less oil so that the supply problem is solved in an orderly way without a self-defeating scramble."

The shortfall in world crude supplies this year was expected to be 1.5m barrels a day or about 3 per cent of total supplies.

Without a more serious loss of supplies it would be wrong, said Mr. Howell, "to saddle our country with an elaborate official system of government allocation of supplies." The Energy Department would be ready to intervene with the oil companies only on specific problems of short supply and difficulty.

Since taking office Mr. Howell has been forced to accept that he must give a far higher priority to energy conservation policy. He said yesterday that he would now be taking "a direct and continuing interest" in issues of energy conservation.

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Rail cuts, Page 10
S. African energy saving measures, Back Page

Engineering pay talks fail to reach agreement

BY ALAN PIKE, LABOUR CORRESPONDENT

A FRESH bid by engineering employers and union leaders to reach a new national agreement in the industry against a background of threatened industrial action failed yesterday.

The Amalgamated Union of Engineering Workers policy-making national committee will be recalled on Tuesday to hear Mr. Terry Duffy, president, report that day-long talks with the Engineering Employers Federation have still left important gaps between the two sides. Last night he described the position as "gloomy."

Union leaders have already said that they will call industrial action if they do not get an acceptable settlement. A decision on this could come either from the national committee or from the Confederation of Shipbuilding and Engineering Unions, which meets later this month.

During yesterday's talks the employers offered new national minimum rates ranging from £68 for skilled workers to £49 for unskilled. Their previous offer was £65 for skilled and £48 for unskilled in response to a claim for £80 for craftsmen and proportionate increases for other grades.

It appears that during yesterday's talks union leaders indicated that they would be prepared to scale down their claim to £70. However, the talks broke down not only because the employers would not bridge this £2 gap but as a result of their insistence that any increases would not come into force until the anniversary date of factory-level settlements.

Employers say a single annual settlement date is needed so that companies can plan future labour costs when making tenders.

Yesterday's offer would have raised basic rates by between 8.8 and 13.3 per cent but this cannot be translated into a similar rise in earnings. Actual earnings in the industry are determined at plant level with many engineering workers receiving well above the basic rates.

Negotiators representing 96,000 power workers yesterday received a revised offer of 16 per cent on basic rates to be paid in two stages. The first stage, on 12 per cent, would apply from March with another 4 per cent in October.

Union negotiators are unanimously recommending acceptance in a ballot which will take about a month to complete. A previous package of 9 per cent on basic rates and 14 per cent overall was rejected in a previous ballot.

Unions and employers in the building industry will meet again on Monday following a decision by three of the industry's four unions to reject an offer worth 13-14 per cent.

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British Petroleum profits soar

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH Petroleum's profits climbed sharply in the first three months of the year as the company began to reap the benefit of higher crude oil and product prices and its increased stake in Sohio, its U.S. subsidiary.

After-tax profit in the first quarter of 1979 was £281.9m, an increase of 85 per cent over the last quarter of 1978 and a rise of 229 per cent over the same quarter last year.

BP said yesterday that the profit figures included a substantial element of stock appreciation following the rise in crude oil prices at the beginning of the year.

The sharp improvement also reflected a higher profit from Sohio—£53m in the first quarter of 1979 compared with only £13m in the same period last year—and improved trading margins, particularly in Europe.

BP's share in Sohio is now 52.2 per cent compared with an average of 40.3 per cent in the first three months of last year.

The group's turnover rose to just over £4bn in the first quarter against £3.4bn in the same period last year.

First quarter results show how little BP has suffered financially from the loss of a substantial part of its crude oil supplies that used to come from Iran.

Excluding Sohio, BP's crude sales in the first quarter of 1979 fell to 933,000 barrels a day compared with 1.4m barrels a day in the same period last year. Much of this loss has been offset, however, by BP shedding crude oil sales to third party customers.

Group capital expenditure in the first quarter totalled £234m against £236m in the first three months of last year. About £98m was spent in the UK.

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Iran's State oil company cuts budget

BY ANDREW WHITLEY IN TEHRAN

THE NATIONAL Iranian Oil Company, the world's second largest oil company and the mainstay of Iran's economy, is cutting last year's budget of Rials 257bn (£1.78bn) by half. This reduction reflects sharply reduced drilling and exploration activity as well as the halting of the very expensive oilfields' secondary recovery programme.

Further confirmation that the Iranian economy is to be run at a much lower level than in the past came in the statement yesterday by Mr. Hassan Nazih, National Iranian Oil Company chairman, that a major gas pipeline project to the Soviet Union was "90 per cent certain to be cancelled."

The cancellation will have far-reaching implications for Western Europe, expecting to receive equivalent quantities of Soviet gas in the mid-1980s. All work on the Iranian side of the pipeline has stopped.

Mr. Ali Nabegh, a senior NIOC adviser, said the £1.6bn project was uneconomical. Iran is instead to press ahead with its programme to convert domestic industry and home fuel systems to gas.

Mr. Nazih did not go into details on this year's capital investment by NIOC. He said that immediate savings of about Rials 7bn (£48.6m) had been made by cutting wasteful and unnecessary expenditure. This sum included the salaries of expatriates formerly working in the oilfields.

Consortium

No decision has been taken yet on paying off the large debts owed to Iranian and foreign contractors. Non-payment has in turn led to considerable discontent among Iranian labourers in the oilfields region, and Mr. Nazih showed his awareness of this delicate issue. It was announced last week that the equivalent of one day's oil income—about £32m—was to be made available to the workers for welfare purposes.

The NIOC hopes to be able to reduce the cost of equipment and materials purchased on its behalf by a subsidiary of the 14-member Western oil consortium—Iranian Oil Participants—by terminating its contract and purchasing directly from manufacturers.

Talks on taking over the subsidiary, Iranian Oil Services, were due to have opened in London this week, but have been postponed by NIOC. In the past the subsidiary handled goods and services worth over £300m a year, according to unofficial estimates.

On the key question of production ceilings, Mr. Nazih said they would not be raised and might even be reduced. "It may be that because of rising prices we can afford to sell less," he said.

The comment indicated, for the first time, that the radical views of Mr. Abolhassan Bani-Sadr, economic adviser to the ruling Revolutionary Council, may be being heeded in crucial areas such as oil policy.

Sharp blow

Oil output is presently running at 3.9m barrels a day and exports at 3.2m to 3.3m barrels. Both have been gradually falling over the past fortnight. Mr. Nazih attributed the decline in part to lower domestic consumption in Iran during the summer. Total output is 30 per cent down on the same month last year.

Iran is to press for a further rise in the OPEC "floor level" price of $14.55 a barrel at the June 26 meeting of OPEC ministers in Geneva. It expects to be backed in this move by the Conservative member-states—Saudi Arabia and Abu Dhabi.

Our Moscow correspondent writes: Cancellation of the Soviet gas pipeline project known as "Igat-2" would be a sharp blow to the Soviet Union, forcing it to make radical changes in its energy and chemicals plans for much of the southern part of the country.

The pipeline scheme had called for the two sides to build an 880-mile large diameter gas pipeline at an estimated cost of £1.16bn. It would have had a capacity of 27bn cubic metres a year.

In exchange the Soviet Union was to deliver 15bn cubic metres of Soviet gas to Czechoslovakia and Western Europe each year over 20 years — probably along the now complete Orenburg pipeline. The gas would come from either Central Asia or West Siberia.

"Igat-2" was to be finished by 1981 but full deliveries were not to start until several years later.

Power station coal may rise 14%

BY JOHN LLOYD

THE PRICE of coal to the country's power stations is expected to increase by between 10 to 14 per cent in the next few weeks. This is expected to result in a rise in electricity prices of around 4 per cent.

It will be the second coal price rise this year, and it is thought that the price may go up yet again before next March, the traditional time for industrial coal price rises.

The National Coal Board raised its prices by 9 per cent in March this year, and warned that it would be likely to do so again, especially if the oil price rose appreciably.

In April, the electricity Boards announced rises ranging from 8 to 9.6 per cent, of which some 3 per cent was attributable to the coal price increase.

The Coal Board, which is facing large increases in its wages and raw material costs, has made it clear that it feels it must recoup some of these costs by raising its prices in line with the steeply rising oil prices.

Projected

The Central Electricity Generating Board, which earlier this year agreed to attempt to burn some 80m tonnes of coal in its power stations, and cut its projected oil burn by 2.5m tonnes, is now more heavily dependent on the NCB than in previous years.

The coal board has mounted an all-out drive to supply 75m tonnes to the CEGB over the present year.

But, stocks of coal at the power stations are now abnormally low, because of severe production and transport difficulties in the first four months of the year, and higher than average demand in the continuing cold weather.

The CEGB believes that it would be dangerous to draw further from its stock to cover part of the 5m tonnes shortfall in coal supply and is seriously considering an appreciable increase in coal imports, probably from Australia.

£ in New York

—	June 6	Previous
Spot	$2.0740-0750	$2.0780-0790
1 month	0.34-0.30 dis	0.27-0.22 dis
3 months	0.79-0.74 dis	0.60-0.55 dis
12 months	2.72-2.62 dis	2.55-2.45 dis

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EUROPEAN NEWS

Swedish petrol up in bid to cut fuel consumption

BY VICTOR KAYFETZ IN STOCKHOLM

SWEDEN'S Government yesterday gave oil companies permission to raise petrol prices by 5 per cent. and imposed a 56-mile-an-hour speed limit for June 21 to September 1, Sweden peak traffic period.

The measures are aimed at avoiding rationing of oil products next winter. and also include permission for the price of heavy heating oils to be raised by *unspecified amounts*. The price rises can take effect from tomorrow.

Ministers said they hoped Swedish motorists would cut their petrol consumption by 10 per cent this summer. Households are being asked to use 20 per cent less hot water than usual during the same period.

In coming weeks Mr. Carl Tham, the Energy Minister, will meet representatives of business, *public authorities* and private special-interest organisations to agree on voluntary energy-saving measures. The Government yesterday ordered the armed forces and civil defence organisations to cut energy consumption by at least 10 per cent during the rest of the year.

Earlier this week, the International Energy Agency (IEA) declined to ask its members to switch oil supplies to Sweden under the emergency mechanism agreed by its 20 member nations. Sweden relies on imported oil for more than two-*thirds of* its energy, with the remainder coming mainly from domestic hydroelectric and nuclear power plants.

Late on Wednesday, Sweden's Riksdag (Parliament) gave the go-ahead for an advisory referendum to be held in March 1980 on whether Sweden should carry out plans for putting 12 nuclear reactors on stream, or phase out its existing six reactors. But the legislature *left the exact formulation of the* referendum questions to be worked out after next September's general election. In the meantime, no further reactors are to be fuelled.

Nationwide protest called over Dutch income curbs

BY CHARLES BATCHELOR IN AMSTERDAM

THE LARGEST Dutch trade union federation, the FNV, has called a nationwide protest on June 19 against government plans to curb the growth of incomes and social security payments.

The protest has been set for the day before Parliament debates a package of measures intended to reinforce the Government's "Blueprin 81" proposals which are meant to lop Fl 10bn (£2.3bn) off public spending during 1979/81.

Workers will be asked to attend a protest meeting in Utrecht while those unable to make the journey will be urged to stop work to discuss the Government's proposals, or to organise their own demonstrations

The largest of the public service unions affiliated to the FNV has announced it support which could lead to the shutdown on June 19 of many public services such as buses, trams and refuse collection. Hospitals may also be affected.

The FNV has refused a government invitation to discuss economic prospects for 1980 on June 21, the day after the parliamentary debate begins.

The public spending curbs will lead to a reduction of 0.2-0.7 per cent of the rate at which social security payments would have risen, and to measures to limit the rate of growth of the salaries of public service workers and those whose pay is linked to them.

The automatic adjustment of salaries to the rise in the cost of living will not now take place in full for people earning Fl 55,000 (£12,600) or more a year.

OECD hits at level of Swiss surplus

By Terry Dodsworth in Paris

THE MAINTENANCE by Switzerland of a large current external surplus of about $15bn *since 1974 is roundly* criticised in the annual OECD review of the country's economy.

The survey, published yesterday, says that the surplus "is an obstacle to better payments equilibruim within the OECD area," and goes on to suggest that the Swiss should encourage capital exports and, particularly, should raise the level of its aid to the developing world.

While stressing that some aspects of the Swiss economy are above reproach, the report concludes that not enough has been done to meet the country's international obligations.

In particular, Switzerland has not raised the level of domestic demand, as was stipulated in the OECD ministerial communique of June 1978. This underlined the special responsibility which rested with those countries having strong balance of payments positions.

On the question of overseas aid, the revue regrets that the level of official aid has hardly risen in recent years. Overseas spending is "still extremely modest." although the country's per capita income is one of the highest in the world.

The Swiss are complimented, though, for achieving a "remarkable" economic performance in 1978 when prices remained virtually stable and unemployment was kept below 0.6 per cent of the labour force. These results are described as "the best" of any OECD country.

These positive results were balanced by only modest growth of 1.2 per cent.

The forecast for this year is for similar trends, although consumer prices are likely to rise by about 2.5 per cent (against 1.5 per cent last year) because of oil and raw material price rises and the growth of monetary liquidity last year.

The risk of higher inflation is ruled out because of weak domestic demand, which will probably grow at a rate of less than 2 per cent.

EANES STARTS TALKS WITH PORTUGUESE PARTIES

Pinto to carry on as caretaker PM

BY JIMMY BURNS IN LISBON

THE PORTUGUESE President, General Antonio Ramalho Eanes, yesterday accepted the resignation of the country's non-party Government but delayed deciding whether to dissolve Parliament.

The Government quit late on Wednesday night following the tabling of two separate censure motions and last minute changes to its 1979 budget.

A statement from the presidential palace yesterday said President Eanes would begin consultations with the political parties immediately and that the administration of Dr. Carlos Mota Pinto would remain in a caretaker capacity in the meantime.

It made no mention of an early dissolution of Parliament and the calling of an election within 90 days, although this was implicit in the warning that "other solutions" would have to be found if no concensus was reached within the next few days.

President Eanes made his decision after consulting the 19-member military Council of the Revolution, the nation's constitutional watchdog which he heads as commander-in-chief of the Portuguese armed forces.

His leisurely approach to the latest Government crisis underlines what has become his constant theme in recent weeks: that an early election at the end of the summer would be costly for Portugal, both in political and economic terms.

President Eanes (right) has accepted the resignation of the Prime Minister Carlos Mota Pinto (left).

Under the Portuguese constition, the next general election is not due until 1980. Municipal elections are set for this November. Portugal would thus face three major elections in just over a year, and would almost certainly have to sacrifice her present negotiations with the International Monetary Fund.

Following the presidential announcement Dr. Mota Pinto said that the Government would continue negotiations with the IMF although he refused to be drawn on the precise financial implications of his resignation.

President Eanes is hoping that a new government capable of commanding sufficient parliamentary support can be formed within the next few days. Chances look slim, however.

The formation of yet another non-party government seems unlikely, given that the concept of non-party rule has proved too ambiguous in recent months to ensure lasting support from Parliament.

On the other hand, the political parties so far have failed to come up with a viable alternative. The main parties, mainly the Socialists and the *Social Democrats, seem as far* from an alliance as they were last December when Dr. Mota Pinto first took over.

There is still some room to manoeuvre, though. Dr. Mario Soares, the Socialist Party leader and former Prime Minister, said yesterday that he favoured the formation of a new government rather than an early election. He had not ruled out the possibility of an agreement with the Social Democrat Party (PSD).

However, the latter in recent weeks has demanded the dissolution of Parliament and moved closer to an eventual electoral alliance with the conservative Christian Democrat Party (CDS).

Both the PSD and CDS argue that the breakdown in government is working against democracy and that the present Socialist-Communist majority in Parliament no longer represents the wishes of the electorate as a whole.

The non-party administration led by Dr. Mota Pinto was Portugal's tenth government since the revolution five years ago.

Ecevit loses another Minister

BY METIN MUNIR IN ANKARA

THE POSITION of Mr. Bulent Ecevit as Prime Minister of Turkey was weakened further yesterday with the resignation of a member of his Cabinet. The departure of Mr. Hilmi Isguzar, Minister of Social Security, is the second resignation from the Cabinet in a month. In addition there have been four resignations from Mr. Ecevit's Republican People's Party in the same period.

The Prime Minister's 17-month-old Administration rested on the social democratic RPP, Turkey's biggest party, on 11 members who quit Mr. Suleyman Demirel's (right-wing) Justice Party and on a handful of independent right-wing members. Ten of the 11 former JP members, including Mr. Isguzar, were given Cabinet posts.

Right-wing backing and four vacancies caused by deaths enabled Mr. Ecevit to maintain a slim lead over the opposition. The situation after the six resignations is uncertain and even Mr. Ecevit is probably in doubt as the exact bumber he can count on in the 450-member National Assembly. His RPP has 211 members.

Since the 1977 election, 34 members have crossed the floor. This movement has created a reservoir of 20 independent members with fickle allegiances.

Mr. Ecevit has weathered morethan 80 censure motions in the past 17 month. To be successful a censure motion must obtain 226 votes but on each occasion Mr. Ecevit has proved that his strength is greater than that of the combined opposition.

Mr. Isguzar resigned because the opposition tabled a censure motion against him for alleged misuse of authority for personal financial gain in property purchases by his Ministry. Mr.Mr. Isguzar refuted the claim but said he was resigning to allow an unbiassed investigation by a parliamentary committee.

By resigning after a two-hour interview with Mr. Ecevit, Mr. Isguzar made the censure motion null and void. Thus a test of Government strength by vote in the Assembly was averted. Mr. Deirel claimed yesterday that Mr. Isguzar was forced to resign so that there would be no vote.

However, the opposition has tabled a new censure motion on the activities of another Minister.

Pope prays at Auschwitz and Birkenau

AUSCHWITZ — Pope John Paul II yesterday prayed at the sites of the twin Nazi concentration camps at Auschwitz and Birkenau.

First he visited Auschwitz, where barbed wire, wooden watch towers and gloomy huts remain.

The Pope described it is "a place built on hatred and on contempt for man in the name of a crazed ideology . . . this site of the terrible slaughter that brought death to 4m people of different nations."

The Pope prayed before the plaques which, in 20 languages, state: "Four million people suffered and died here at the hands of the Nazi murderers."
Reuter

Demand for W. German industrial goods rises

By Roger Boyes in Bonn

AN INFLUX of foreign orders helped to push up demand for West German industrial goods by a seasonally adjusted 4.5 per cent during April, according to preliminary figures released yesterday by the Economic Ministry.

Production figures also revealed a significant upturn, with output rising by 4.5 per cent in April.

The ministry also announced that the order figures for March had been revised upwards, because of the inclusion of new statistical data.

New orders in March, according to the latest calculation, fell by 0.5 per cent, instead of the previously posted 3.5 per cent.

The latest sharp increase in orders was largely caused by a 21.5 per cent rise, compared with March, in foreign orders.

This was compounded, however, by an 8 per cent increase in demand for capital goods, from both the domestic market and overseas.

While the Economic Ministry cautiously welcomed the figures, it was stressed that the statistics were preliminary and liable to revision.

Nonetheless, two months' comparison, covering March-April and January-February, shows there is a definite upward trend, with orders to manufacturing industry up by an average of 4 per cent.

Of this, 8.5 per cent of the increase was accounted for by overseas orders, and 2.5 per cent from domestic markets.

On a year-to-year basis, the preliminary production figures were also encouraging. Manufacturing industry output in March-April rose by 7 per cent compared with the same period last year, and construction industry output rose by 4 per cent compared with the same period. According to the Economics Ministry, the construction output has risen by over 20 per cent in March-April, compared with January-February. The Ministry said this was a clear sign that the building industry had started to recover from the hard winter, although output was still below the peak of autumn 1978.

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Spanish jobless rises by 5.2% in first quarter

BY ROBERT GRAHAM IN MADRID

THE NUMBER of unemployed in Spain rose by 5.2 per cent to 1.13m during the first quarter of this year, according to figures released by the Official Statistics Institute yesterday.

The figures, generally thought to understate the real trend, mean that 8.6 per cent of the active population is now unemployed.

The number of unemployed has risen by over 200,000, compared to the same period last year. Unemployment has risen steadily over the past two years, with no sign that it is levelling off.

Another set of figures, prepared by the Ministry of Labour *and based on registration with* Government employment offices, showed a sharp increase in *registrations in April — from* 939,000 to 985,000. From January to May, the number of registrations has increased 10 per cent.

The main increases in unemployment have been in the construction and services sectors. The construction industry now accounts for 20 per cent of all officially unemployed.

First-time job seekers represent 36 per cent of the total. Unions argue that the real figures are substantially higher. They say they include the 130,000 considered marginally employed by the statistics institute.

At the same time, the unions say that a large number of people, mainly women, are not considered part of those actively employed, which only represents 36 per cent of total population in Spain.

A particular feature of unemployment in Spain is the relatively small percentage of *persons receiving* unemployment benefit. Ministry of Labour figures reveal that only *502,000 persons* in January were receiving benefit, or under 50 per cent.

Latest economic indicators *show that the beginnings of a* mild recovery, evident in February and March, petered out in April.

Another lock-out imposed at Port of Barcelona

BY DAVID GARDNER IN MADRID

THE DISPUTE which has affected Spain's ports intermittently since last March took a turn for the worse yesterday, when 26 labour contractors at the Port of Barcelona imposed a lock-out for the second time in two weeks. The previous lock-out at Barcelona lasted from May 25 to 30, and also affected dockers in Malaga, Valencia and, briefly, Bilbao.

The present action is in response to dockers maintaining their work to rule, despite the recent agreement between the Labour Ministry and Spain's two main trade unions, the socialist UGT and Communist-led COO. The Dock Workers co-*ordinator, which is organising* the work to rule, claims to represent dockers in 35 out of 41 ports in Spain, and had rejected the Labour Ministry terms three months ago. *Their claim is supported* by the UGT and CCOO's recent performance in the ports. The mainstream unions re-*ceived little or no response to a* call for national strike action earlier this year.

At the heart of the dispute is the system of contracting labour, and the long-term employment prospects in the sector. While the Labour Ministry, through the Dockworkers Organisation (OTP), establishes a census of dockers nationally, it is the private contractors, linked to the import-export companies, which hire labour.

The dockers want the OTP converted into a public company paying fixed rates, and all intermediaries eliminated. They also believe that the contractors intend to axe 7,000 of the 15,500 jobs in Spain's ports over the next four years, and rely instead on casual labour.

USSR 'will not meet growth target'

By Leslie Colitt in Berlin

THE SOVIET Union will not be able to achieve its goal of a 4.5-5 per cent annual economic growth rate it set for itself in the current five-year plan which ends next year, according to an analysis by the Comecon section of the German Institute of Economic Research.

The Berlin institute, however, notes that the 4 per cent growth rate which the Soviet Union achieved last year, and the 4.3 per cent target for this year, is "quite noteworthy" in an international comparison.

In order to achieve this year's planned 4.3 per cent growth in utilised national product—defined as the domestic utilisation of goods and services minus foreign trade—the Soviet Union will have to increase labour productivity at a faster pace.

The institute notes that in the current five-year plan the annual target figures for productivity growth were never achieved.

Last year, growth in national product per worker rose 2 per cent instead of the planned 3 per cent. This year's target figure for increasing production per employee is 5 per cent in industry.

Real incomes of Soviet workers are rising only minimally according to the German institute's analysis. Last year, the average Soviet wage increased 3 per cent to Roubles 160 monthly (£117).

This year wages are set to go up 2 per cent to Roubles 163 (£119) but as "prices are bound to continue rising," the institute says real income will scarcely increase.

Income of Soviet collective farmers is well below the average and rose by 4.5 per cent last year to Roubles 110 (£81) a month. This does not include proceeds from private plots which on average are said to add another third to income. Private plots provide a quarter of the agricultural output of the Soviet Union.

Industrial production rose 4.8 per cent last year compared with a goal of annual growth in the current five-year plan of 6.2-6.8 per cent. This year's planned growth is 5.7 per cent, which means that another goal will fail to be achieved.

Soviet primary energy production is set to expand 4.8 per cent this year, compared with 3.8 per cent last year, when President Leonid Brezhnev said oil and coal production had failed to achieve targets.

Electric power is to expand by 5 per cent this year compared with 4 per cent in 1978 and nuclear energy is to grow by 21 per cent this year. In 1977, Soviet nuclear power stations contributed only 3 per cent of the nation's electrical output and this is to increase to 8 per cent next year.

Agriculture will continue to be the key to whether the Soviet Union can speed up its lagging industrial growth as the food processing industry contributes a fifth to overall industrial output.

Last year's expansion of Soviet agriculture by 4 per cent was largely due to the successful grain harvest with its record 235m tonnes. The German institute says the output of other crops was "far more modest."

Greece and Turkey sign tourism pact

By David Tonge

A TWO-YEAR tourism co-operation agreement between Greece and Turkey was signed in Athens on Tuesday. It followed the first visit by a Turkish Minister—Mr. Alev Coskun, Minister of Tourism and Information—to Greece since the Turkish invasion of Cyprus in 1974.

In recent months, the two countries have continued to be at odds over demarcation of the continental shelf of the Aegean Sea.

They have also been arguing about allocation of NATO responsibilities in the Aegean, a point Turkey insists is settled before Greece is allowed to return to the military wing of the alliance.

The Turks have been advocating a second summit between the Prime Ministers of the two countries, but say that, because of a lack of response from the Greeks recently, they have not been pressing this suggestion.

The tourism agreement is an indication of how both sides wish to defuse tension. It foresees exchange of know-how, encouraging tourism between the two countries, co-operating to attract tourists from third countries, and simplifying travel procedures.

Last year, Greece earned more than £500m from tourism, but Turkey hardly turned in a surplus.

It is now putting more emphasis on developing fine natural tourist resources. The Tourism Bank in Turkey has just simplified regulations covering joint ventures by foreigners with Turks.

Bonn may join moves to curb Rotterdam oil prices

BY OUR BONN STAFF

WEST GERMANY would be ready to take part in international efforts to control the *surging oil prices on the* Rotterdam spot market—as the United States and France are advocating—but it has very little enthusiasm for the attempt, which it feels could at best be useful only in the short term.

The topic is likely to be discussed in Cabinet next Wednesday, when Chancellor Helmut Schmidt will report on his talks in Washington with President Jimmy Carter, and Count Otto Lambsdorff, the Economics Minister, on his latest consultations with the multinational oil concerns.

It is already clear that both Herr Schmidt and *Count* Lambsdorff have strong reservations on whether spot market control could be made to work. However, the Government has good reasons for not rejecting the idea

For one thing, Mr. James Schlesinger, the United tSates Energy Secretary, has indicated that Washington might be ready to remove its 5 per cent subsidy on heating and diesel oil imports if curbs were put on the Rotterdam market. Washington feels that the high Rotterdam prices have attracted distillate products which would otherwise have gone to the U.S.

Further, the French are pushing the control issue hard and wish to see it tackled at the European (EEC summit) Council in Strasbourg later this month. That meeting itself closely precedes the Western economic summit conference in Tokyo, and the West Germans have no wish to be at the centre of a dispute on this issue when they feel there are other, more important, energy problems on which international accord must be reached.

Finally, members of Herr Schmidt's Social Democrat Party (SPD), including its chairman, Herr Willy Brandt, are becoming more strongly critical in public of the oil companies which they suggest may be manipulating prices to their own advantage.

Thus support for some kind of temporary action to try to curb price increases on the spot market could serve the Bonn Government well internationally and domestically. In any case, the Government seems certain to go along with internationally co-ordinated steps to gain better information about the operation of the Rotterdam market.

In the talks on Wednesday night between Count Lambsdorff and oil company leaders, *it was agreed that* West German oil supplies were secured for the coming months—although some shortages could emerge in the autumn.

While West German petrol prices have risen only moderately this year, heating oil prices have shot up, not least because of the price surge in Rotterdam. Count Lambsdorff and the oil leaders agreed that, in principle, consumers of one particular oil product should not be forced to bear a disproportionate burden.

WEST GERMANY AND THE COMMON AGRICULTURAL POLICY

Powerful pressures for EEC farm reform

BY JONATHAN CARR IN BONN

CAN Mrs. Margaret Thatcher's new British Conservative Government *justifiably hope for* West German support for moves to curb wasteful expenditure on the European Community's Common Agriculture Policy (CAP)? The answer is that it can—if the arguments used on the topic on the Bonn Finance Ministry and in Herr Helmut Schmidt's Chancellery are anything to go by.

That does not mean that the CAP reformers can rest easy. Efforts for change have foundered before in West Germany on the formidable Herr Josef Ertl, Minister of Agriculture. But even here there are some signs of increased flexibility, apparently based on the recognition that, without some new moves to curb surplus production, money *will run out and the CAP will* collapse.

It is in the clear interest of Herr Ertl's farmers to see that this does not happen, and that is the most encouraging new element in a reform debate which has continued almost fruitlessly for years.

In a nutshell, the Finance Ministry sees the position like this. The EEC budget—more than 70 per cent of which goes to agriculture — has grown sharply in this decade, from DM 8.4bn (£2.11bn) in 1971 to DM 34.3bn (£8.63bn) in 1979.

West Germany is the biggest single contributor to the budget, and the gross German payment now totals more than 5 per cent of the federal German budget.

The ministry *does not wholly* swallow the argument that the cash which goes to Brussels is then spent on Community policies which take the place of national expenditure. On the whole, it is felt that the transfers to the EEC *represent* a loss not only to the national budget but to the domestic policies to be financed through that budget. This is seen as supportable so long as Community policies are sensible, serve European integration and can be demonstrated clearly as such domestically.

The EEC budget is financed mainly from the proceeds from customs tariffs, agricultural levies and—this is the tricky issue—the equivalent of the *yield of one percentage point of* value *added tax.* Together, these form the Community's "own resources." But if expenditure on the CAP continues to grow at current rates, it is estimated that available Community finance implied under the "own resources" system will be used up by 1981.

The European Commission—vigorously backed, so far largely alone by the British—has been seeking way of cutting the growth of farm expenditure. But the Commission also suggests that "own resources" might be boosted in the early 1980s through an increase in the VAT contribution from one to two percentage points.

This is where the West Germans dig in their toes—not *only the Finance Ministry*, but the parliamentary Budget Committee and, it is gathered, Herr Schmidt himself. The Finance Ministry says bluntly that the EEC will have to get used to the uncomfortable situation, familiar to national governments, that revenue cannot simply be increased at the drop of a hat

WEST GERMAN TRANSFERS TO EUROPEAN COMMUNITIES BUDGET
(Figures in billions of DM)

	1976	1977	1978	1979
Gross transfer	7.1	9.1	9.97	10.9*
Receipts	3.6	5.4	7.5	—
Net transfer (A)	3.5	3.8	2.5	—
Net transfer (B)	3.7	3.2	2.1	—

Sources: Finance Ministry and Bundesbank. * *Estimate*

In other words, if more money, for example, is to go to the EEC's regional and social funds—and the Germans say they want to see this happen—then it will have to be at the expense of other Community policies, not through an increase in the VAT take.

In the first place, according to the Finance Ministry, this means stemming expenditure on farm surplus production.

It is worth noting that the same point was made in a little reported speech late last year by Herr Schmidt's principal economic adviser, Dr. Horst Schulmann. He urged a restoration *of agricultural market* equilibrium, noting that, by reducing the costs of the CAP, budgetary means would be made available for other policies. This *view seems to go far to meet* the ones which British representatives of whatever party have been expressing

There is a catch, or at least there could be. What if the West Germans find they are gaining so much benefit through operation of the CAP that moves for reform appear increasingly unwelcome? At first sight this might appear to be happening.

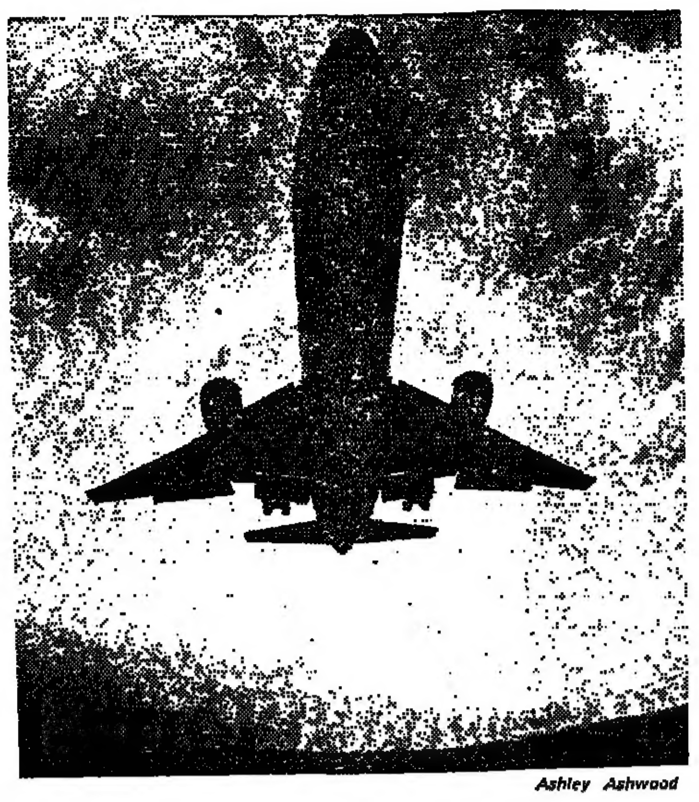
The table shows that, while West Germany's gross transfers to the EEC budget have been growing, so too have its receipts, primarily because of the operation of the CAP, particularly in the milk sector. Thanks to a burst of farm payments from Brussels in the second half of last year, which astonished even officials who watch the topic all the time, *West Germany's net transfer to* the EEC in 1978 was far below that of 1977.

It is worth stressing that different figures for net transfer payments emerge from the Finance Ministry and Bundesbank, particularly because the latter simply considers the effect on the balance of payments in a given year. That means including, for example, repayments of funds from Brussels representing an overpayment in a previous year.

The Brussels Commission produces its own figures, which do not always exactly coincide with those from West German sources. These facts in themselves show the *hair-raising* difficulties of comparing net contributions to the EEC by its various member states.

All that said, there remain two cogent reasons why CAP reform should have powerful advocates in West Germany in future. Even if the German net transfer continues to go down, the gross figure will continue to rise.

Secondly, it is not in West Germany's international political interest to see its net contribution dwindle a lot further—still less that the Germans should become net recipients of EEC funds. Other partner countries with manifestly weaker economies would clearly find the situation intolerable



Ashley Ashwood

Damages will run into millions

BY DAVID LASCELLES IN NEW YORK

PERSONAL damages for victims of the DC-10 crash in Chicago are expected to run into hundreds of millions of dollars. But the precise sums awarded will depend to a large extent on whether the insurance hearings are held in Illinois, the state where the flight originated, or in California, its desination, and home of many of the passengers.

The decision on venue will be made in the next two months by the Judicial Panel on Multi-district Litigation which sits in Washington DC.

Lawyers for the victims hope the panel will settle for Illinois which has one of the country's most generous wrongful death laws in the U.S.

Illinois allows damage awards for the pain and distress suffered between the moment passengers become aware of their impending death and the crash itself. In the Chicago crash, American Airlines was operating a DC-10 with a special video feature which projected the cockpit scene on to the cabin film screens. Lawyers are preparing to argue that pasengers underwent extra suffering because they could see exactly what was happening on the flight deck.

Lawyers are already predicting that awards will exceed those granted to Americans in the two previous crashes abroad. In those, non-Americans received between $50,000 and just below $1m, while some Americans received damages well over $1m. This time, some awards could conceivably reach $2-3m for senior businessmen who were killed.

Negotiations have already been initiated with the insurance companies. But though insurers have said they want quick and straightforward settlements, lawyers are preparing for a tussle, particularly over their biggest claims. The procedure could take two years.

Bankers estimate there are several billion dollars currently outstanding in loans and leasing agreements used to finance purchases of the McDonnell-Douglas Corporation DC-10s by airlines.

Despite the O'Hare airport crash and the grounding of all domestic DC-10s for inspections, major lenders, including banks and insurance and finance companies, are insisting they have not moved to curtail their role in financing purchases

But two NewYor k banks have taken precautionary steps. One, for example, is examining its loan portfolio

Another is checking to find out which U.S. airlines depend heavily on DC-10s.

A body blow for McDonnell Douglas

BY STEWART FLEMING IN NEW YORK

IN THE days immediately following the crash of the McDonnell Douglas DC-10 in Chicago aerospace analysts with several leading stockbroking concerns in the U.S. concluded that the disaster would probably not have a severe impact in the long term on the giant aerospace company's civil aviation business.

The common view was that, once the cause of the disaster had been found and corrections made, the world's airlines would confidently continue purchasing DC-10's. Indeed, the Brazilian airline Varig announced new orders for five DC-10's days after the jet came down in Chicago killing all 272 passengers.

McDonnel Dougla,s it was argued, might find itself having to meet claims by relatives of dead passengers, the cost of repairs to other DC-10s if these proved necessary and losses by airlines whose DC-10s had to be taken out of service. But just what these costs might amount to would depend on the company's own insurance coverage and litigation.

But as the weeks have dragged on since the jet came down on May 25 there has been a growing feeling that the problems the disaster poses for McDonnell Douglas could be much more severe. This has been reflected in the company's share price which was $28¼ the day before the crash $25¼ the first trading day afterwards, but by June 6 had slumped to $21.

The grounding decision by the Federal Aviation Administration now raises a question mark over the basic design of the jet. So far there has been no sign of airlines cancelling DC-10s they have ordered. But the basic problem now facing McDonnell Douglas is to restore damaged credibility in the design of the aircraft. Until more is known about the technical problems which lay behind the Chicago disaster it is impossible to say what might be required to do this. McDonnell Douglas has pointed out that the cracks which have been found in the engine pylons have appeared only in DC-10 series 10 jets, and not in other versions of the aircraft. The company has angrily challenged the FAA grounding decision and Lufthansa and Laker Airways have both strongly criticised the FAA's action as overreaction.

Nevertheless, there must now be doubts about whether, ultimately, fundamental changes may be needed in the design of key parts of the DC-10.

For McDonnell Douglas as a company the disaster in Chicago is threatening to become a bodyblow to its future in the big commercial passenger jet since its long-term growth strategy hinges on the DC-10.

Earlier this year Boeing, McDonnell Douglas's main rival, announced that it was proposing to build a new generation of 200-seat advanced jets for which it has already booked millions of dollars of orders. McDonnell Douglas, faced with the decision of competing directly with Boeing and spending billions of dollars to do so, decided that it would put its faith and its money on the DC-10, developing new versions of the aircraft to carry up to 500 passengers. The company argued it could tap the vast new market for commercial jets in the 1980s which is widely predicted to run into $100bn.

Terry Kirk

Mr. Sandford McDonnell, president of McDonnell-Douglas.

It has yet to officially launch any of the stretched DC-10's. The problems now facing the DC-10 programme must also raise a question mark over its position as a rival to Boeing, Lockheed and Airbus Industrie.

McDonnell Douglas's present course was set in 1967 when McDonnell Aircraft Corporation primarily a military contractor based in St. Louis, Missouri, decided to acquire Douglas Aircraft the famous Californian-based civil aircraft producer which was struggling through a lean period. The rationale in part was that McDonnell wanted to diversify so that it would be less dependent on one major customer, the U.S. military establishment. In the wake of the merger McDonnell Douglas had to make the crucial decision of whether to compete with Lockheed and Boeing in the jumbo jet market and spend the hundreds of millions of dollars needed to develop a rival to the Boeing 747 and the Lockheed Tristar. Its decision was "yes" and the DC-10 programme was rushed ahead. Even though it got a late start behind Lockheed, McDonnell Douglas still succeeded in getting its first DC-10 off the production line a week ahead of the first Lockheed plane.

Although it has never made a profit yet on the DC-10, its strategy of building up its civil side appeared to be succeeding By the end of last year half the company's $6bn of firm order backlog was non-military. In the year ended 1978 commercial aircraft sales revenues totalled $970m out of total sales revenues $4.3bn. Military aircraft sales were $2.3bn and space system and missile sales were $729m.

In profit terms commercial aircraft recorded $60m of losses. But the company has been hoping that by 1981-82 the civil side would be profitable, partly because it expects to reach the crucial target of 400 DC-10s sold and to have written off the heavy deferred costs of the DC-10 programme, $574m of which were still in its end-1978 balance sheet.

The contrast between the military and commercial sides of the business remains one of the most intriguing aspects of the company's policy. The McDonnell side of the organisation based in St. Louis has, for the past three years, been the leading military contractor in the U.S. Its reputation for technical excellence is unsurpassed having produced fighters like the Phantom which, after 20 years, is now coming to the end of its life after sales of over 5,000. The man who built the company James S. McDonnell is generally given much of the credit for its high reputation in the military field. Together with his two sons who are senior executives he controls 20 per cent of the shares, making the company something of a rarity because of the extent of family participation in a major U.S. corporation.

But observers still question whether, even 12 years after the merger the Douglas aircraft subsidiary which builds the civil jets has been fully-integrated into the McDonnell Douglas corporation and whether this might in part account for some of the problems with the DC-10.

What is now clear is that unless the problems facing the DC-10 are quickly resolved to the satisfaction not only of the regulatory authorities but also to the satisfaction of the airlines and the passengers, the Chicago crash could force McDonnell Douglas into an agonising re-appraisal of the basic strategies it has been following.

The FAA: under fire from friend and foe

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

If the Nuclear Regulatory Commission ever thought that it was in hot water because of its handling of the Three Mile Island accident, it should take a comforting look at what has happened in the last two weeks to the Federal Aviation Administration.

Virtually nobody, it appears, is happy with the FAA's performance over the DC-10. Consumer groups think it is too close to the industry it is supposed to regulate and cares too little about passenger safety. The aerospace industry believes it has panicked and wielded the grounding axe prematurely. In the course of the last year alone the FAA has been under fire from the airlines, the pilots, the air traffic controllers and Congress.

In a key sense, the root of the FAA's problems can be found in its mandate. It is a federal agency whose charter requires it simultaneously to regulate and foster civil aviation. It described its own multi-faceted functions in one of its recent annual reports as follows: "It issues and enforces orders, rules, regulations, standards and specifications; certificates airmen, pilot schools, aviation, maintenance schools and repair stations; type-certificates aircraft, aircraft engines, propellers and aircraft components; issues operating certificates to airlines, air taxis, agricultural, external load and airport operators.

It also "provides grant-in-aid for the development and improvement of airports; and conducts research, engineering and development programmes calculated to improve its safety, air traffic control and environmental procedures."

To do all this, the FAA operates on an annual budget of about $2.5bn and a staff of some 54,000, of whom close to 26,000 are air traffic controllers. It has been in existence in its present form for just over 21 years and its chief is a political appointment,

To a degree, its character can be shaped by its head, known as the Administrator. Mr. Langhorne Bond, two years in the post, has spent a lifetime in transportation, with a major emphasis on aviation. His self-defined mission has been to improve the overall safety of domestic civil aviation and he has not hesitated on occasion to cause offence in the process.

The DC-10 case is by far the toughest problem he has faced to date. He has defended the successive actions he has taken —ranging from four groundings of the aircraft over a 12-day span to even seeking to block a court order issued on Monday night taking the aircraft out of service—as being based on the best available information at hand at a given time.

Like many regulatory agencies, the FAA is extremely dependent for hard information on the industry it covers. Aircraft inspection and maintenance, for example, is still prinicpally performed by manufacturing and airline mechanics, certified by the FAA but by no means always acting under the FAA's direct supervision. On Monday night in San Francisco American Airlines mechanics discovered the new critical crack in the engine wing mounting of two DC-10s. But often in the past the FAA has been accused of being too complaisant in allowing the manufacturer and the operator of a commercial aircraft to work things out themselves with minimal interference.

Sir Freddie fights on two fronts

By Lynton McLain

SIR FREDDIE LAKER'S Skytrain terminals at Gatwick Airport were deserted yesterday. Sir Freddie himself was up in the corridors of air regulation power at the Civil Aviation Authority in London, fighting, characteristically, another battle for survival.

His meeting with the authorities was booked long before the DC-10 crisis

Sir Freddie had applied to the Civil Aviation Authority to have all the restrictions removed from his Skytrain services. This would transform Skytrain into a normal scheduled airline operator, able to compete on equal terms with the giants of the North Atlantic, including British Airways.

The Laker Airways (International) company had a profit of £1.48m and a turnover of almost £76m in the year to the end of March last year, a 50 per cent rise in turnover over 1977. But the succes has tailed off in the last year.

Many of the big airline competitors have learned the lesson of the Skytrain success. They have hit back with a range of cheap fares, different classes with different features, and Laker Airways has started to feel the pinch, and is determined to fight back.

But just as Sir Freddie was getting into his stride in defence of his application for change before the CAA, on Wednesday he was told of the decision by the U.S. Federal Aviation Authority to ground all U.S. registered DC-10s.

He immediately grounded, voluntarily, his fleet of six

The Laker DC-10s provide the backbone for Sir Freddie's approach to mass air transport. The aircraft serve the cheap, no-frills Skytrain operation, the advanced booking charter market and the inclusive tour market. The only other aircraft he has are two long range Boeing 707s and five British Aerospace 1-11s. His confidence in the DC-10 is underlined by his decision to buy a further five, this time the series 30.

With the DC-10s grounded indefinitely, Laker Airways is losing £350,000 in revenue each day.

The airline was still working out yesterday whether it had any chance of claiming compensation. But it was thought unlikely that any would be forthcoming. The question is, how long can Laker go on with this drain on its revenue?

Israel starts building new West Bank settlement

BY DAVID LENNON IN TEL AVIV

ISRAEL yesterday started building a new Jewish settlement on the occupied West Bank, immediately after seizing 200 acres of privately-owned Arab land.

Settlers and soldiers swarmed on to the site, minutes after the seizure orders were handed to the land-owners, apparently in an attempt to establish the settlement before the owners could obtain a court injunction against the take-over.

On Sunday, the Israeli Cabinet narrowly voted in favour of creating the settlement. Mr. Moshe Dayan, Foreign Minister, was one of those who opposed the decision. He argued that land seizure was out of place at a time when talks were just getting underway with Egypt on the future of occupied territory.

The settlement—Elon Moreh—is being built on a hill-top one mile east of Nablus, the largest town on the West Bank. Many Israelis oppose the establishment of Jewish settlements in densely-populated occupied Arab areas, and the opposition Labour Party and the Peace Now Movement have denounced the new settlement.

Yesterday's action was planned like a secret military operation. Bulldozers were lifted by helicopter on to the hill-top to level the site, while other earth-moving machines began cutting a road up the hillside.

Tents were rapidly set up, and mobile homes were being brought in later in the day.

The operation was supervised on the site by Mr. Ariel Sharon, Minister in charge of settlements. A leading advocate of Jewish settlements in the occupied territory said that 1,000 people would inhabit the settlement in the first stage.

Meanwhile, the Israeli Foreign Ministry announced that direct telephone and telex lines have been set up linking Jerusalem with the Egyptian Foreign Ministry in Cairo.

Syrian-Soviet pressure on PLO

BY IHSAN HIJAZI IN BEIRUT

PRESSURE By Syria, the Lebanese Government and the Soviet Union is believed to have been influential in persuading the Palestine Liberation Organisation and its Lebanese Left-wing allies to tone down, but *not remove completely*, their military presence in parts of southern Lebanon.

PLO officials said the decisions adopted on Tuesday at a meeting under Mr. Yassir Arafat, head of the PLO, were being carried out. Under the measures, guerrilla organisations and Left-wing factions were closing down their offices in the port of Tyre, 10 miles north of the Israeli border, and were withdrawing their troops from Lebanese villages to new locations.

Reports from the field said the redeployment would take a few days to complete.

Syria was reported to have advised the PLO to avoid providing Israel with an excuse to invade and occupy southern Lebanon in which case, Damascus is reported to have said Syrian troops would be sucked into a conflagration at a time and place not of their own choosing. Some 22,000 Syrian troops are serving in Lebanon as a peace-keeping force.

Two days ago, a Soviet news agency, said that the Israeli army command was getting ready to launch "Litani operation number two" to invade and capture the Lebanese South.

The warning came on the heels of a visit to Syria, Lebanon and Iraq by Mr. Oleg Gruneisvky the head of the Middle East department at the Soviet Foreign Ministry. The special envoy conferred with Mr. Arafat in Beirut.

It was reported by the daily newspaper, An Nahar, yesterday that Dr. Selim al-Hoss, the Lebanese Prime Minister, in strenuous efforts to persuade the guerrillas to co-operate, had held a secret meeting with Dr. George Habash, secretary general of the Popular Front for the Liberation of Palestine.

Mr. Arafat flew to Libya on Wednesday to meet Col. Nuammar Gaddafy and to complain about Arab failure to aid the Palestinians and Leabnese against repeated Israeli attacks in southern Lebanon.

According to most observers *here*, the Palestinian moves in the south are only tactical, not strategic. "They are quantitative not qualitative," one *observer said, explaining that* all the guerrillas would do was to relocate, not dismantle their bases.

The PLO will continue to retain its bases north of the Litani river, which it regards as a substitute for "Fatahland," or the camps the guerrillas lost on the slopes of Mount Hermon as a result of the Israeli invasion of the south in March last year.

Observers pointed out that the PLO now feels it is being *squeezed out of a settlement*, and so the Lebanese bases are of major importance. Dr. Habash recently said the bases were vital to the guerrilla movement at a time when it was engaged in a make-or-break struggle with Israel.

Supermarket deal

LINDE, the West German plant, engineering and construction group, has agreed to supply a prototype meat and dairy products supermarket to Moscow and is negotiating to build a string of the shops throughout the Soviet Union.

Linde has already built 78 fish supermarkets, known as Ozean, in the USSR

Egyptian reshuffle expected soon

By Roger Matthews in Cairo

AN EGYPTIAN Government reshuffle is expected in the next few weeks after yesterday's voting for a new Parliament. Mr Mustapha Khalil, the *Prime* Minister, is almost certain to be asked to continue in his job, but President Anwar Sadat also wants to bring three new faces into the Cabinet to demonstrate that the era of peace is being accompanied by a determined drive to raise the living standards of most Egyptians.

Sadat victory

The bulk of the election results, which are certain to show a massive victory for Mr Sadat's National Democratic Party, *should be announced by* later today.

In constituencies where the leading candidate fails to achieve 50 per cent of the vote plus one, a run-off will be required next Thursday.

Over 1,600 candidates were contesting the 382 seats at stake with Independents forming by far the largest bloc. Although there has been only limited debate because of an official ban on a range of issues, some contests have developed into personality clashes that might offer some guidance to public attitudes.

Mr Khalil yesterday concentrated on one of the officially banned topics—the peace treaty with Israel—when he held talks with Mr Josef Burg, Israel's Interior Minister. The two men will be heading their countries' delegations in Alexandria next week when negotiations resume on the meaning of autonomy for Palestinians living on the occupied West Bank of the Jordan and in the Gaza Strip.

Procedural issues

Their talks centred on procedural matters and there was no immediate evidence that outspoken remarks by Mr Menahem Begin, Israel's Prime Minister, to a party meeting on Wednesday, had embittered relations. Mr Begin said that if a Palestinian administrative council, set up as a result of the negotiations, should ever attempt to declare an independent state, it would be crushed immediately and military rule woul be re-established.

John Hoffmann reports on a restless, underprivileged class

China's growing army of jobless

"THE CHINESE constitution guarantees everyone the right to work. Therefore, there can be no unemployment in this country."

That assertion, made by an earnest, well-educated, middle-level Chinese official, would give little comfort to the estimated 4m of his countrymen who have no jobs and no income.

The word "unemployment" has been removed from the official vocabulary, which does concede that a number of people are "awaiting assignment."

"We do not regard these people as being jobless," the official said. "They will be given work when places become available."

Meanwhile the growing army of those "awaiting assignment" has created a new restless and underprivileged class confused by the fear that China's modernisation programme is leaving them behind.

When things are bad in China the bureaucracy tends to describe them as "fairly good." *Any public acknowledgement of* a problem suggests that the leadership is deeply disturbed—and that is probably true in the case of unemployment.

The official newspapers have carried several articles in recent weeks commenting on programmes to create jobs in several provinces.

In a surprising disclosure that unemployment has been a long-standing issue, the People's Daily said this week that 500 factory workers had been laid off in Nanjing, Jiangsu Province, in 1963 because of "simplified" production processes.

Some of them, still without regular work, had organised a "labour service station" to provide men for odd jobs such as loading trucks and maintaining buildings.

In Fuzhou, Fujian Province, more than 3,000 "social idlers" were being kept occupied in mending pots and pans or carrying sacks of coal, the newspaper said.

Some of the lucky ones: Smiling workers at Anthan. But 4m of their compatriots are less fortunate.

The employment problem is probably at its worst in Shanghai, China's biggest city, where industrial expansion is not fast enough to provide jobs for a growing population of more than 10.7m.

There, the plight of the "1977 Graduates" is a pertinent illustration. Although municipal authorities will give no figures, it is believed that almost all the students who completed their secondary education in 1977 and 1978 are still "awaiting assignment."

Supported by their families, they spend much of their time in an aimless parade along the Shanghai waterfront or in frustrated examination of the shop windows that tempt them with displays of fashionable clothes and consumer goods.

They talk freely to foreigners, often with some anguish, about their situation, practising the languages they have learned at school and hoping to fill in an hour or two as unpaid tourist guides.

"You know about our '77 Graduates?" asked one, who had hoped his English studies would eventually win him a job as a translator. "None of the people in my class has worked since we left school in 1977."

Many of his classmates were bright enough to qualify for university entrance but the universities, still recovering from years of closure during the Cultural Revolution, could not absorb them.

Most can now hope only for a factory job. But when? "Perhaps not for years." Factory *staffs are strictly limited* and vacancies are rare.

Some unemployed school-leavers pin their hopes on an experimental "replacement scheme" under which they will take over the jobs of parents who retire from the workforce.

Shanghai authorities are trying to devise programmes to occupy the young unemployed. Semi-official street committees organise community service teams to sweep streets or do other labouring work.

Others are drafted into neighbourhood collectives producing handicrafts and simple commodities, for a wage of 20 *yuan* ($12) a month. Some are hired by the day for a few cents to watch for pickpockets in crowds.

The problems of the cities are compounded by the illegal return of thousands of young people who were re-located during Mao's "Youth to the Countryside" programme.

About 100,000 of them are now swelling Shanghai's unemployed.

Because of the intricacies of red tape, these people cannot be officially recognised. They are registered as country residents and have no status in the city. They do not qualify for food ration cards and could not be assigned work even if jobs were available.

The Chinese leadership seems to have given up the compulsory resettlement of young people, but the rising unemployment problem may force a resumption of the practice.

Japan to consider further energy cuts

BY RICHARD C. HANSON IN TOKYO

THE JAPANESE Cabinet will consider further steps to reduce energy consumption at a meeting due to be held on June 15.

But it is not yet ready to cut oil supplies to the industrial sector, which accounts for about 70 per cent of consumption, Mr. Takehiro Sagami, Vice-Minister of Finance for International Affairs, said yesterday.

The Government was concerned by a sharp jump in demand for oil in May of 6 per cent after small increases from January to April, Mr. Sagami added. There appeared to be some stockpiling going on.

The Government was maintaining its policy of expanding the domestic economy, and would try as far as possible to avoid disrupting industry. But if inflation picked up sharply, it would have to change its monetary policies.

The Diet (Parliament) finally passed a Bill introduced last spring concerning rationalisation of energy use.

The Bill authorises the Minister of International Trade and Industry to draw up guidelines for energy use in industrial plants, construction, and for housing and office buildings, cars and electric appliances.

Reuter adds from Tokyo: Japan's International Trade and Industry Ministry believes a French proposal to apply a ceiling to import-prices of crude oil by advanced industrial nations is impractical.

The proposal, said to have been put to Mr. Masumi Esaki, Japanese Minister of International Trade and Industry, in Paris, may be submitted to the Tokyo economic summit.

Brazil spends $5bn on 'gasohol' cars

BRASILIA—Brazil will invest $5bn up to end of 1985 in its national "gasohol" programme, converting 1.675m cars to run on 100 per cent alcohol, the Government announced on Wednesday.

There are an estimated 7m cars in Brazil, with 1m cars being produced annually. Of the projected alcohol-powered cars, 1.2m are to be produced by such Brazilian manufacturers as Volkswagen, Ford and Fiat. Of cars already on the road, 475,000 are to be converted.

After a meeting in Brasilia on Wednesday, the Government released guidelines for its energy programme, giving "the highest priority," according to a *Presidential spokesman, to* "Proalcool," a national programme for converting sugar cane and other plants into petrol, diesel, oil and other oil products.

The guidelines state that Proalcool will be adjusted to absorb the increase in Brazil's petrol *consumption up to the end of* 1985.

According to Sr. Camillo Pena, the Industry and Commerce Minister, Brazil's next sugarcane crop will yield about 900,000 gallons of alcohol—more than twice the amount produced in the 1977-78 crop year. Sr. Pena said Proalcool aimed to raise this figure to 2.7m gallons by 1985.

Sr. Pena said alcohol is being mixed with petrol at varying levels at pumps throughout Brazil, with a national average of 15 per cent. He said another aim for the programme by the end of 1985 would be a 20 per cent alcohol mix for cars not equipped to burn the 100 per cent alcohol fuel.

The Government's announcement confirmed statements made here on Tuesday by Sr. Aureliano Chaves, the Vice-President, that Proalcool would be given even greater priority than Brazil's nuclear programme, which is based on a 1975 agreement with West Germany and which calls for eight 1,300-MW pressurised water reactors to be built.

Diana Smith adds from Rio de Janeiro: Brazilian inflation eased to 2.3 per cent in May, an improvement on the April rate of 3.5 per cent and less than half the March figure of 5.8 per cent which led the Government to reduce public and private spending. The May figure produced an annual rate of 45.7 per cent.

But the soaring price of imported oil—Brazil imports 900,000 barrels a day, 10 per cent more than in 1978—is forcing the trade balance deeper into the red, despite satisfactory growth in exports.

By the end of April, the deficit reached $438m, $94m more than April, 1978, and $22m more than March, 1979. Oil cost $460m; 37.7 per cent of total April imports of $1.22bn. The oil bill was $143m higher than in April, 1978, almost cancelling out a $180m increase in exports for the month, compared with 1978. Expenditure on imported oil for this year has been reassessed and the latest estimate has risen to $7.8bn.

AP

Martial law as Somoza calls up reserves

MANAGUA — President Anastasio Somoza yesterday declared martial law and began calling up army reserves to fight Sandinista guerrillas who are in action against the National Guard in five cities and are holding Leon, Nicaragua's second-largest city.

A column of Somoza's troops led by tanks failed to break through guerrilla lines yesterday to relieve the embattled garrison at Leon, 54 miles north-west of Managua. The troops fled back to the capital andt he guerrillas sent out a commandeered earth-mover which cut a trench across the Leon-Managua road. An estimated 400 guerrillas of the Sandinista National Liberation Front were reported to be in control of Leon, a city of 205,000 people.

Reports from the northern city of Matagalpa, the scene of heavy fighting during the Sandinista uprising last year, said guerrillas blew up a bridge at the edge of town and after a day of heavy fighting claimed to have driven the National Guard garrison back into its headquarters.

A Red Cross official in Masaya, 35 miles south of Managua, said heavy fighting was continuing there and the rebels appeared to have control of all of the city except for two Government command posts. Fighting also was reported in the southern cities of Jinotepe, Diriamba and Chichigalpa.

Hugh O'Shaugnessy adds: A further devaluation of the *Nicaraguan cordoba is forecast* in the Central American business weekly This Week. The weekly says that the April devaluation from seven to 10 to the U.S. dollar did not fully reflect the weakness of the currency which is selling on the Managua black market at 13 to the *U.S. dollar.*

Sr. Diego Uribe Vargas, the Colombian Foreign Minister, has said the countries of the Andean Pact, Venezuela, Colombia, Peru, Ecuador and Bolivia, would send military aid to Costa Rica if it were invaded by the *Nicaraguan National Guard,* as General Somoza threatened last week.

Mr. Brzezinski . . . power struggle

Moving mountains at the Summit

By Alan Friedman

WHEN President Jimmy Carter travels to Vienna next week, he *will be carrying a rather hefty* briefcase. He will have to be prepare dto do far more than merely sign the SALT II treaty. As a result of a series of U.S.-Soviet consultations over the past few weeks, both President Carter and Mr. Brezhnev will expect to discuss a wide variety of subjects of mutual interest.

In the particular field of arms control and disarmament, there are two major negotiations to be discussed which have long been hidden from the public's view. These are the Mutual and Balanced Force Reduction (MBFR) talks between the NATO and the Warsaw Pact and the bilateral U.S.-Soviet conventional arms transfer (CAT) talks.

The CAT negotiation has been one of the most obscure and least known channels of U.S.-Soviet detente. The Russians have one ambassador-at-large who handles both the CAT talks and the better known Indian Ocean negotiation. The latter is dormant now

In Washington, the U.S. chief delegate has been Mr. Leslie Gelb, the director of the State Department's bureau of politico-military affairs. Mr Gelb, who has suffered many frustrations over CAT and tangled severely with Mr Zbigniew Brzezinski, the President's assistant for national security affairs, is resigning this month.

Transfers

The subject of the CAT talks is the limitation of transfers of conventional arms (everything from machine guns to fighter aircraft) by the so-called supplier countries.

The U.S. and Soviet Union have met in four rounds since December 1977. The first two rounds (in Washington and *Helsinki)* were spent in developing an agenda and in developing working groups for the growing delegations.

At the third round (held in Helsinki in July 1978) there was agreement on the more important goal of establishing regional arms restraint regimes. In these regions, the U.S. and Soviet Union would agree not to supply certain types of weapons. They would then seek the cooperation of other suppliers and recipients.

This seemed a difficult goal, but it was further complicated by the failure during the fourth round (held in Mexico City in December 1978) to agree on which regions should be discussed.

Paralysed

The Washington Post reported a serious bureaucratic power struggle during this last round, in which Mr. Brzezinski virtually paralysed his chief delegate, Mr. Gelb, who threatened to resign. The issue was whether the U.S. would be ready to listen to Soviet proposals on certain regions of the world. Mr. Gelb was instructed to walk out of the talks if the Russians tried to raise them formally. The entire principle behind the negotiation was lost in a plethora of cables between Mr. Gelb and the White House about which regions could be discussed.

By contrast the MBFR talks are a much more entrenched and long-running enterprise than CAT. MBFR was originally intended as an answer to former Senator Mike Mansfield's perennial complaints about bloated U.S. forces abroad, but after five years the negotiation has turned into a technocratic shouting match.

The main issue in MBFR concerns a reduction agreement in which both the NATO and Warsaw Pact sides would agree to some troop withdrawals from Central Europe. In 1975, the U.S. added a "sweetener" proposal which offered to trade nuclear warheads for Soviet tank armies. The Russians never acknowledged this offer.

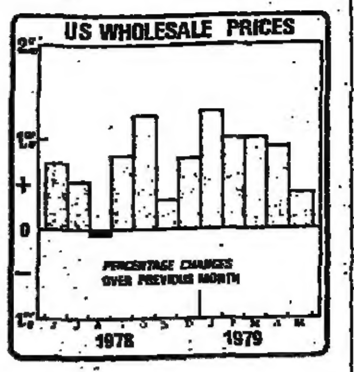
A recent high-level Soviet approach to the U.S. indicates considerable interest in an early first-stage U.S.-Soviet reductions agreement. There has been intensive discussion between the two countries over the past *two months* and the *Kremlin* seems to have authorised major concessions for the sake of progress.

The U.S. response to the Soviet initiative has been extremely non-commital. There are advocates of a high-level answer at the SALT II summit in Vienna. There are also committed opponents to the whole MBFR negotiation. In Washington, military staff and intelligence staff interests argue vociferously against any troop reduction, no matter how small.

Wholesale price index rises by only 0.4%

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE AMERICAN consumer could gain some relief from double-figure inflation during the summer. The wholesale price index for May, released yesterday, showed only a 0.4 per cent rise from April, the smallest monthly increase since last August.



This was almost entirely because of a 1.3 per cent fall in the food component of the producer price index for finished goods. Moreover, the sub-indices covering the price of food products at intermediate and crude stages of processing also presage a fall in prices.

The fall in food prices, continuing the improvement first evident in April, was the steepest in over three years. Prices fell across the board, led by sharp declines in the cost of beef, veal, pork, eggs and vegetable oil.

Before April, food prices had been going up at about 1.5 per cent a month, while the *overall* index before May had risen in the first four months of this year at an annual rate of over 13 per cent.

The relief, however, was principally confined to food, and elsewhere in the economy *inflation* is still proceeding apace.

Excluding food, the finished goods index went up by 1 per cent in May, a little less than the 1.3 per cent of April consumer non-durables, spurred by the spiralling costs of petrol and domestic heating oil, rose by 1.6 per cent in the month, the third consecutive sizable advance, with petrol alone going up by no less than 4.2 per cent.

The consumer durables index advanced by 0.7 per cent, 0.2 per cent under the April rate, largely because of softer new car prices.

The volatility of the food sector means that the Administration will be hard pressed to claim that the latest figures demonstrate that its battered anti-inflation policies are starting to work. However, any relief in the inflationary storm is bound to be welcome.

Fed votes on state bank branches

By David Lascelles in New York

THE Federal Reserve Board is due to vote today on proposals to make it easier for certain types of U.S. financial institutions to set up branches across state lines. At the moment, U.S. banks may open branches only in one state, though they may open non-banking offices outside their base states.

The proposal would enable so-called Edge corporations owned by banks to operate branches across state lines. These corporations, named after the Edge Act of 1919, are confined to accepting and lending funds connected with foreign trade, and must have capital of at least $2.5m.

If approved, the Fed proposal would open the way for interstate branching. Activities would be confined to financing connected mainly with foreign trade, though in what proportion has yet to be decided. No additional capital would be required, but banks would only be able to own such branches through a specially chartered subsidiary.

Impetus for the reform came from the recent invasion of foreign banks able to take advantage of a loophole in the law to open branches

Last year's International Banking Act, which tried to *close some of the loopholes,* also instructed the Fed to *come up with proposals for* allowing domestic banks to compete on more equal terms.

Oil and gas finds in Venezuela

VENEZUELA'S $175m offshore quest for light oil is beginning to show the first signs of possible commercial oil and gas deposits, following eight months of drilling in Caribbean and Atlantic waters, Kim Fuad reports from Caracas.

Wells drilled at the Western and Eastern extremes of the coastline last week tested 2,200 barrels a day of 31 gravity crude and 700,000 cubic metres of natural gas respectively.

Consumer credit up

BY OUR NEW YORK CORRESPONDENT

DESPITE the signs of an economic slowdown, U.S. consumers continued to borrow heavily in April. According to the latest consumer credit figures released by the Federal Reserve Board, debt increased by a net $4.1bn, the highest rate this year, and only slightly below last December's $4.4bn.

However, the Fed calculates that if this rate persists the annual rate of debt increase will be around 17 per cent, slightly below last year's 19 per cent when the economy was till surging ahead.

The latest figures, however, contain signs of slackening consumer demand. Consumers increased their borrowing by a smaller amount than in March ($25.8bn to $26.7bn). But there was a net increase because they also cut back their repayments (from $22.9bn to $21.7bn).

هكذا من الأصل

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WORLD TRADE NEWS

Netherlands identifies export priorities

By Charles Batchelor in Amsterdam

THE NETHERLANDS plans to designate a number of priority countries each year on which to concentrate its export support programmes—11 have been chosen for special attention in 1979-80.

Mr. L. M. Overmars, the Director of the Economics Ministry's Export Promotion Service, said in its first year of operation the programmes will aim to stimulate trade with Kuwait, Saudi Arabia, Indonesia, Japan, Malaysia, the Philippines, Canada, Mexico, Venezuela, the U.S. and the Ivory Coast.

They will be organised by the Export Promotion Service and by the Netherlands Centre for Trade Promotion, a private organisation supported by and working for Chambers of Commerce in the Netherlands and abroad.

This represents a further development of the export promotion services priority system under which about 40 non-EEC countries are considered worthy of special attention by Dutch exporters.

Studies will be made of markets in the designated countries to see if they present openings for Dutch exporters, while support and subsidies will be offered to encourage Dutch businessmen to penetrate these markets.

French to discuss sales of computers to Soviets

BY MAX WILKINSON

CII-HONEYWELL-BULL, the leading French computer company, is to hold talks with the Soviet Union in September which it hopes will lead to substantial contracts for knowhow and equipment.

Among the possibilities likely to be discussed are the building of Russian computers under licence from Cii-HB, and the provision by the French company of a network of communicating machines for the Soviet Ministry of Trade.

It is generally believed in the West that the Russians are becoming worried by the rate at which their data processing capability is falling behind. Some estimates are that the indigenous Russian computer industry is between five and 10 years behind that in the West.

However, a recent comparison of Russian and U.S. integrated circuit products have shown that some advanced circuits from the two countries are remarkably similar.

A spokesman for Cii-HB said that talks between France and the Soviet Union had so far been at a fairly general level. Both sides will now draw up detailed proposals for discussion in September.

The French electronics industry has recently been very active in pursuing business in the Soviet Union. In March, Thomson CSF, the French telecommunications group won a $100m contract for supplying telephone equipment and for helping to set up a factory to manufacture computer-controlled exchanges in the Soviet Union.

In the past licencing deals between Western companies and the Russians have often not been very profitable for the West. It is likely therefore that Cii-HB will insist that any exchange of knowhow should he backed by some reasonable guarantees that orders for hardware will follow.

BL optimistic on U.S. luxury car market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAGUAR ROVER Triumph, the BL specialist car subsidiary, expects to regain lost ground in the U.S. next year, and sell about 65,000 cars worth around $450m.

This would represent about a quarter of both output and turnover figures which illustrate the importance of this particular export market to JRT.

Last year unit sales in the U.S. fell from 68,371 in 1977 to 47,385 mainly as the result of the loss in output of TR7 sports cars when production was switched from Speke to Coventry.

The TR7 is about to be relaunched in the U.S. and will offer a convertible version. JRT executives estimate this market could take up to 25,000 if the TR7 in its new form is as successful as first indications suggest.

This autumn JRT will also launch the TR8 which uses a version of the Rover V8 engine in the U.S. All TR7 convertibles will be sold in the U.S. and it is still possible that the TR8 also will not be offered in the UK but remain an export only car.

In January next year the Rover 3500 saloon will be introduced to the U.S. but this is expected to be a low-volume, high-priced car and so only sell a few thousand a year.

Arabs agree on aircraft purchasing

By Rami G. Khouri in Amman

FIVE OF the fastest-growing Arab air carriers have agreed to purchase the same aircraft model to replace their ageing fleets and meet the anticipated traffic growth of the next decade. This was revealed here during this week's second annual Middle East Civil Aviation Conference (MECACON) by Mr. Ali Ghandour, chairman and president of the Jordanian state-owned airline, Alia.

Mr. Ghandour said Alia, Middle East Airlines of Lebanon, Kuwait Airways, Saudia and Gulf Air had agreed to buy the same kind of wide-bodied jets. He added that they could decide on which aircraft to buy as soon as the first week of July, during a meeting of the five companies in Bahrain.

The first collective purchase of aircraft would amount to at least 25, Mr. Ghandour said. Under consideration are wide-bodied jets manufactured by Boeing, McDonnell-Douglas, Airbus Industrie and Lockheed.

The five airlines have also signed an agreement to increase Alia's non-stop Amman-New York route into a consortium under which non-stop flights to New York would also operate from the other Arab capitals.

Japanese offer to build steel complex for Mexico

BY LORNE BARLING IN ZURICH

AS PART of an effort to secure supplies of high quality oil from Mexico, Japan is offering to build a multi-million dollar industrial complex on the Mexican Pacific coast and a pipeline across the country from the eastern oilfields.

Details of discusisons between the two countries emerged here at a conference being held by the Japan Institute for Social and Economic Affairs.

It was pointed out during the conference that Japan is pursuing a policy of diversifying its oil supplies away from Middle Eastern countries which now meet 60 per cent of total Japanese energy requirements.

Although negotiations with Mexico are at an early stage, President Lopez Portillo, who visited Tokyo recently, has given the go-ahead for a feasibility study on the industrial complex.

This would involve the expansion of a steel mill at Las Truchas, construction of a forging and casting mill, and steel plate manufacture. The Japanese companies involved in talks are Nippon Steel, Kobe Steel and Sumitomo Metal Industries.

Although the Mexicans have made it clear that they would finance the industrial project out of oil revenues, the more ambitious pipeline plan is seen as an opportunity for Japanese banks to provide loans.

It is also apparent that should such a pipeline be built, heavy investment would be needed for a deepwater port to accommodate tankers on the Pacific coast.

The total cost of the various projects under discussion has yet to be established because of uncertainty about the capacity of plants and the size of the pipeline.

Japanese banks have already offered cheap credit, understood to be $500m, to the Mexican notional oil corporation, Pemex, although this is said to be unrelated to the industrial development.

The head of Pemex, Sr. Jorje Diaz Serrano, is expected to visit Tokyo later this month for further discussions which may bring the two sides close to an agreement.

However, Japanese negotiators are faced with strong competition for investment in Mexico as the oil-hungry nations, most notably the U.S., vie for a share of the output.

Although Mexico is likely to charge a high price for its oil, Japan is clearly prepared to pay the premium in one form or another—cheap loans or industrial aid on terms which competitors may find hard to match.

Japan accepts that the U.S. is likely to take a large share of Mexican oil, if only because of its proximity, but it hopes itself to import as much as 200,000 barrels a day from Mexico by the end of next year.

Dunlop takes tennis racket 'forgers' to court

BY ANTHONY ROWLEY IN HONG KONG

DUNLOP'S International Sports Company has taken action in the Hong Kong High Court against two companies believed to be implicated in the supply of forged tennis rackets to Western Europe.

In a statement issued today in Hong Kong, Dunlop said, the "chain of supply" for the forged tennis rackets had been shown to run from Taiwan via Hong Kong to customers in continental Europe, although none of the rackets had appeared in Britain.

The court order, which Dunlop obtained as part of its policy of protecting "valuable" trade marks had rarely been granted in Hong Kong before, the company's statement said.

The order "gave the right to Dunlop's representatives to enter the dependants' premises and inspect and take copies of all documents pertaining to the infringing transactions and to remove the fake rackets."

Dunlop's statement continued: "This was the end of a trail that started several months ago when it became clear that a larger number of Dunlop Maxply Fort tennis rackets were being sold in continental Europe than could be accounted for. "Although the forged rackets were similar to the genuine ones, Dunlop became suspicious when it received a number of rackets showing faults and premature failure in play.

"Successful legal action taken in the German and Swiss courts against local dealers on the basis of trade mark infringements revealed that the suppliers were Hong Kong companies and that the rackets were probably of Taiwanese construction."

Dunlop obtained what is termed "anton piller order" in the high court here and searched premises of one of the defendants, Leprechaun Fashions of Hong Kong. Documents were seized identifying the source of forged rackets as a "well-known Taiwanese manufacturer."

Final judgment has now been obtained against Leprechaun Fashions and its director Mr. Liam Forde, Dunlop said.

Dunlop did not identfy the second dependant company in its statement.

Iran still importing from S. Africa despite ban

BY ANDREW WHITLEY IN TEHRAN

IRAN IS continuing to import significant quantities of South African goods, with the full knowledge of Mr. Bazargan's Government, despite its public declaration that all economic and political ties had been severed.

The bulk of the imports are badly needed industrial plastics in short supply around the world. To conceal the trade, Iranian dealers say documents are being falsified on a large scale, declaring the origin of the goods as Swaziland or the Mozambique port of Maputo.

In the two years to March 1978, after which the political unrest disturbed all trade, South African exports to Iran had recorded one of the fastest growth rates of any supplier. In 1977-78 they stood at $191m.

Two fifths of the total was composed of construction steel, another 10 per cent was vehicles: with the remainder made up of plate glass, industrial plastics and food grains.

Estimates of the current value of the trade are hard to make: the temporary ban on steel imports and the year's halt to luxury car imports automatically cuts the 1977-78 figure by half. Nor is South Africa said to be in a position to sell grain this year because of its own wet summer. On the other hand, exports to Iran of PVC and polyethylene for packaging and coverings appear to have increased sharply, judging by the last three months.

Iran imports more industrial plastics than the rest of the Middle East put together. Apparently unable to secure their needs from reluctant European suppliers, Iranian dealers are turning to South Africa, with its advantages of proximity and competitive production costs. There the main manufacturer is AECI Ltd., an associate company of ICI.

The Iranian Government's policy seems to be a pragmatic one, based on obtaining necessary goods on the best possible terms from any source, so long as this is not considered to be against its interests. In South Africa's case it has been prepared to allow the trade to continue so long as no publicity was given to it.

Turkey presses foreign drug companies to invest

BY METIN MUNIR IN ANKARA

THE TURKISH Government has held a round of talks with foreign pharmaceutical companies operating in Turkey on the future of their operations

The companies have been told that they can bring in new capital to expand and modernise their plants to enable them to export and manufacture locally some raw materials for use. Otherwise, they could start thinking about leaving.

This warning comes at a time when the Turkish Government is completing a streamlining of the regulations governing foreign investment—a move which is part of its declared programme to make the atmosphere for foreign investment less hostile.

The outcome of the talks with the pharmaceutical companies is thus being seen as a touchstone of the Government's intentions towards foreign capital as a whole.

It is also important for the Western countries and banks putting together an emergency credit package for Turkey.

The new stage of the long, difficult relationships between the companies and Turkey opened three months ago with the publication of a new decree on foreign parmaceutical operations.

The decree put the companies under the obligation of manufacturing 25 per cent of the raw materials locally and exporting 15 per cent of their products.

There are seven foreign pharmaceutical companies in Turkey—Wayeth and Pfizer of the U.S., Roche, Ciba-Geigy and Sandoz of Switzerland and Hoechst and Bifa of Germany. This last company is a partnership of four which includes Bayer.

The companies were completely taken by surprise by the decree and were displeased with it—their local raw materials production and exports were negligible.

Under the new decree the companies must submit expansion projects to the Government by the end of September. The choice which now appears to be open to them is either to expand or to leave.

In their talks with the state planning organisation they were informed that the Government was prepared to allow them to bring in capital to modernise their plants and enable them to divert into raw materials manufacture.

The companies found this offer positive. Traditionally Turkish governments have rejected proposals for modernisation and expansion, forcing most companies to work with machinery obsolete by Western standards.

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Renault claims to be top importer

FINANCIAL TIMES REPORTER

RENAULT of France is still the UK's leading car importer, according to figures published by the company yesterday for the first five months of the year.

They show 46,100 Renaults were sold in the UK in the period up till the end of May, ahead of Datsun (44,354), Fiat (31,927) and VW/Audi (33,050).

Renault said this represented 5.55 per cent of the total UK market, compared with sales of 31,707, representing 4.31 per cent of the market in the same period of 1978.

In May, Renault sales, at 10,371, were 118 per cent up on those of May, 1978, when it sold 4,757.

Market leader for Renault this year is still the Renault 5, with 11,851 sales in the first five months, closely followed now by the new Renault 18 range, which accounted for 11,425 sales since its introduction at the end of January.

The Renault 5 also achieved the biggest sales increase in May—3,114, compared with 1,292 in May 1978, while the Renault 14 sales were up from 785 in May 1978 to 1,607, an increase of 105 per cent.

● Commercial vehicle output in Britain during May continued to rise while car production languished, according to provisional figures published yesterday by the Department of Industry.

The seasonally adjusted production of commercial vehicles during the month was 36,700 compared with 34,600 in the same period last year and outpacing the 32,000 monthly average of the whole of 1978.

But production of cars during May fell to 92,000 (seasonally adjusted) from the 104,000 of the same period last year.

Sir Geoffrey Howe, Chancellor of the Exchequer, preparing his first Budget in the Treasury yesterday.

Hospital 'desperate' protest to Chancellor

A PROTEST against the shortage of nurses at the hospital where he is president of the League of Friends was delivered to Sir Geoffrey Howe, Chancellor of the Exchequer, yesterday.

He was told in a joint letter from the management and COHSE, the hospital workers union, that the staff situation at St. Lawrence's Hospital, Caterham, Surrey, one of Britain's biggest hospitals for the mentally handicapped, was "really desperate."

The letter said: "We have 482 nurses in posts at present, but both management and union agree that we need another 264 nurses to provide our 1,400 patients with just minimum nursing care.

"The shortfall in nurses results in many wards being left unattended at night and these include wards containing epileptic patients. Where wards have a nurse on duty, on many occasions this nurse is an unqualified nursing assistant."

COHSE claimed last month that the death of a nine-year-old child at the hospital could have been avoided if there had been enough trained staff on duty at the time.

Gold regains its place in monetary reserves

BY KENNETH MARSTON, MINING EDITOR

GOLD APPEARS to have finally won its battle for world acceptance as a store of wealth. In Gold 1979, Consolidated Gold Fields' latest authoritative annual review of the world bullion scene, author Mr. Christopher Glynn says "The renaissance of gold as an acceptable component of monetary reserves was the most important feature of the year."

The publication of his views follows news of a record price of $280.39 per ounce at the latest monthly auction of the International Monetary Fund.

Banks form a large proportion of the buyers at these auctions which are made for the benefit of developing countries. Many of the latter prefer to buy gold from the IMF rather than take their share of the fund's profits on gold sales.

Gold 1979 estimates that world supplies of the metal last year amounted to 1,741 tons, a modest 6 per cent higher than the revised figure of 1,637 tons for 1977.

Western production accounted for 969 tons, communist bloc sales for 410 tons, and net official sales about 362 tons: the last category includes U.S. Treasury auctions of 126 tons and IMF offerings of 182 tons.

On the demand side, jewellery manufacture took 1,001 tons with other industrial uses accounting for 293 tons. Coins absorbed 259 tons compared with only 137 tons in 1977, and a feature was the strong demand for Krugerrand one-ounce coins which required over 190 tons.

Overall investment demand, including coins and medals as well as gold bars, is estimated at 494 tons against 417 tons in 1977. This demand occurred in the face of a rise of 31 per cent in the average price of gold to $193.50 from $147.74 in 1977.

Thus total gold sales last year are valued at a new record of $10.8bn compared with the previous peak of $7.8bn in 1977.

The major factor in last year's heightened demand for gold was, of course, the weakness of the U.S. dollar. In the latter part of the year, however, other factors developed in the shape of the events in Iran and the subsequent oil crisis, the final recognition of the People's Republic of China by the U.S. and the Sino-Vietnamese border fighting.

A notable change in the gold picture came in the closing weeks of 1978 when the price began to rise in terms of all major currencies, not just the dollar as had been the case previously; hedging against the dollar "was for once a secondary consideration."

Looking to 1979 supply prospects, the review anticipates a slight increase in Western world production to 1,000 tons and says that Russian sales may be around 300 tons, considerably less than last year.

Sales by the IMF and the U.S. Treasury could amount to 520 tons if the latter continues to sell at its present rate of 23 tons a month; it is pointed out that the U.S. budget estimates allow for continued Treasury auctions through to October, although there is no statutory obligation for them to continue until then.

However, the review says that it is possible that total supplies to the market this year could reach 1,840 tons. Assuming a little-changed fabrication demand of around 1,500 tons, the remaining 340 tons available for investment "could prove difficult to absorb at pricesprices over $250."

It is pointed out that a good deal of investment interest these days is in paper contracts with banks and dealers. This requires far less bullion as backing than physical acquisitions of the metal. But the review considers that "it is most unlikely that the private market will be asked to absorb much more gold than it comfortably handled in 1978."

EEC loan of £1.450m for Orkneys

A LOAN of £1.450m has been granted by the European Investment Bank to help meet the cost of harbour development, improvements to the water supply and sewerage in the Orkneys. The loan has been made to the Orkney Islands council for 15 years at 9.95 per cent. The bank is the EEC's long-term finance institution.

Pit study tour

NINETEEN mining apprentices chosen by the National Coal Board will leave London on June 18 on a study tour of the Ruhr Coalfield, West Germany.

New office developers recovering confidence

By Andrew Taylor

A SLOW but continuing recovery in new office development in London and the South East is indicated from the latest quarterly figures on permits issued by the Department of Environment.

In the first three months of this year the DoE issued 62 permits—21 more than at the same stage last year—covering 6m square feet of new office development. This compares with a quarterly average of 4.3m square feet for the whole of last year and 4.8m square feet in the first three months of 1978.

The figure represents a further improvement in the level of planned new office space for which permits have been granted during the past 18 months.

Relaxation

Last year the DoE issued permits for 17m square feet of new office development in the region, compared with 14.1m square feet in 1977 and 14.4m square feet in 1976. This still falls well short of the peak years for office development. In 1971 the DoE granted permits for almost 29m square feet of new office space.

The recent improvement reflects gradual recovery in confidence by developers in the office market—following the upward trend in office rents and capital values over the past 18 months or so.

There has also been a relaxation in the DoE's attitudes towards granting of office development permits particularly in inner city areas and this too may be reflected in the improved figures.

External trade figures out today

By Our Economics Staff

WEEKS OF speculation about the UK's external trade position over the early part of this year end today with the publication of two sets of balance of payments figures.

The statistics have now been assembled after the industrial dispute at the UK customs centre and the Department of Trade will give the current account figures for February, March and April at 3.30 p.m.

At the same time the Central Statistical Office publishes the first quarter balance of payments, which includes information about the capital account.

The overseas trade figures for May, which were originally scheduled for next Thursday, will be delayed by seven days and will now be released on June 19.

The Department of Trade's survey of short-term export prospects, originally scheduled for yesterday, will be published next Thursday.

Joseph turns down plea for Prestcold talks

BY HAZEL DUFFY AND RAY PERMAN

SIR KEITH JOSEPH, Industry Secretary, has turned down a request from union officials for a meeting over the proposed closure of Prestcold's two Scottish factories. The officials have been told by his department that the closure on September 7, announced officially by the company yesterday, was a commercial decision by the owner, BL.

The closure was denounced last night by the Amalgamated Union of Engineering Workers, which covers most of the workforce, as "economic lunacy." Mr. John Rowan, a national officer of the union, called it "national asset stripping by the National Enterprise Board." It would cost the nation tens of millions of pounds in unemployment benefit and other social costs.

Staff at the two Glasgow factories, where 900 workers are to lose their jobs, accused the company of abdicating responsibility by failing to put to the Government a rescue plan drawn up by local directors. The factories make compressors for refrigerators and freezers.

Prestcold yesterday blamed the closure on "low demand, cheap imports and massive overcapacity in the European refrigeration compressor market."

The company said that the cost of saving the factories and introducing a new range of domestic compressors had risen to between £10m and £12m: the cost of closure is estimated to be £4.5m.

But the Monthly Paid Staff Association, which represents middle managers and technical staff, said that Prestcold had ignored the local plan which, by speeding up the introduction of the new compressors and modifying existing machine tools, could bring the factories back to profitability at a cost of only £1.2m and 100 redundancies.

The plan has been in the *hands of the Prestcold Board* for some weeks, but the Staff Association said that it had been *told* by Mr. Alex Fletcher, Industry Minister at the Scottish Office, that no formal approach to the Government for assistance had come from Prestcold.

The Government is not taking a wholly negative attitude on the issue.

Mr. Fletcher added yesterday: "Even now we are prepared to consider sympathetically selective financial assistance if there is a likelihood of creating a viable and profitable business. We shall continue working for a solution to this problem during the notice of closure period."

The Government would prefer a private buyer to take over the factories but in spite of talking to a number of companies, including one of Prestcold's main suppliers, it has failed to find one.

Prestcold's trading losses, amounting to over £500,000 for the last three months, have been met by the Government but this arrangement ended yesterday.

Hourly-paid workers met yesterday to hear the news of the closure, but returned to work after 15 minutes. Mr. Alec McGibbon, the shop steward's convenor, said he did not think either the Government or the company had done enough to try to save the factories.

House building sluggish despite slow increase

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

THE SLOW INCREASE in the number of new homes being built continued in April, although output remained at comparatively low levels.

The Department of the Environment said yesterday that a start was made on a total of 17,900 houses and flats during the month—an increase of 2,500 from the previous month and the highest monthly total recorded since November 1978.

But on a three monthly basis, total starts between February and the end of April were 15 per cent below output in the previous quarter and 24 per cent down on the same period a year ago.

According to the department, a start was made during April on 7,200 public-sector homes and 10,700 private units. The figures for both sectors represented an increase on levels previously attained in 1979.

Gloomy

The total number of housing completions in April amounted to 17,500—a repeat of the previous month's figure. In the February-April quarter, completions were 14 per cent lower than in the previous three months and 23 per cent down on a year before.

Completions in the public sector fell back in April to 7,400 from 8,600 in March while private completions rose from just under 9,000 to 10,000.

The overall outlook for housing in 1979 remains gloomy. The latest prediction suggests that public sector starts could fall as low as 100,000 against the poor 1978 level of 107,000. Completions should reach about 130,000—a near repeat of 1978.

Private sector starts are expected to reach only 145,000 against 157,000 last year while completions should reach a similar total, against just under 150,000 last year.

UK receives £269m in EEC regional aid

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

BRITAIN RECEIVED £268.75m from the EEC's regional fund between 1973-78. Figures from the commission in Brussels were released as Britain went to the polls to elect its 81 Euro MPs.

The commission also said Britain had received just over £747m in grants from various EEC funds and another £2.099bn in loans during the six years.

It is clearly hoped within the EEC that publication of these figures will go some way towards countering the unease in the UK over the net contribution being made to the community.

Over the six year period, Britain received £283m from the social fund, and £56.6m from the agricultural fund.

The greatest recipient from the regional fund has been Scotland, which has benefited to the tune of £69.78m, closely followed by the north of England with £63.55m with Wales receiving £41.03m and Northern Ireland £39.9m.

The grants from the regional fund do not go directly to the areas for which they are allocated. Under the UK system they go to the Treasury which allocates them to projects which have been undertaken.

Since a government department will have already assisted the projects put forward to the EEC for help any money which is subsequently received goes into the revenue pool.

Roads, sewers, industrial estates and communications are among those helped in the latest list from Brussels which totals £27m.

The biggest single amount by area goes to the North of England, which gets £8.48m

Commission approves Guardian link-up

By Maurice Samuelson

THE GUARDIAN and Manchester Evening News has been allowed by the Monopolies Commission to purchase 85 per cent of the shares of Surrey Advertiser Newspaper Holdings, which controls 20 regional newspapers.

The purchase enables The Guardian's management to broaden its base.

However, the Commission concluded that although The Guardian might have to rely on Surrey Advertiser Newspapers for some financial support, the link-up would benefit both groups.

Mr. Ray Tindle, chairman of the Surrey Advertiser, retains the balance of 15 per cent of the shares, and will join the Board of The Guardian and Manchester Evening News.

U.S. buyer steps in for Kirkby presses

BY RHYS DAVID

A SALE of large presses at the KME workers' co-operative at Kirkby on Merseyside was halted in mid-auction yesterday with the emergence of a possible American buyer for the plant.

The U.S. company, represented by Mr. Joe Epstein, has paid a substantial deposit on the machines and will continue negotiations today with the liquidator, Mr. Bernard Phillips of the London firm of chartered accountants of the same name. Talks earlier this week between the parties broke down.

Substantial parts of the KME operation which closed in March with debts of £1.7m were sold at auction on Tuesday and Wednesday. The sale included most machine tools, radiator paint dipping lines, and large stocks of finished and semi-finished radiators.

The American company — its name is not being disclosed — is chiefly interested in the heavy presses used to convert sheet steel into radiator panels. It reached agreement with the liquidator in discussions yesterday morning shortly before the presses were due to be sold.

Mr. Phillips said yesterday that there was now hope that KME could be continued as a business, and the auction had been postponed to enable further talks to take place.

The agreement led to a phone call being made to the auctioneers, Mr. John Judson and Mr. Frank Howard, of Henry Butcher, ordering a halt to the sale which has been taking place in a canteen next to the factory.

If the American bid is successful and a decision is made to continue manufacturing in the UK the new owners will have to come to separate arrangements with the owners of the factory, IPD, and with the workforce.

A total of 700 men were employed at the plant. It was mainly the co-op's reluctance to make reductions in manning levels and the failure of negotiations with potential purchasers which brought about its financial collapse four years after it was set up. During its four years of existence a total of £5.7m in Government money was made available to the co-op.

Bill planned to aid small inner-city companies

BY PAUL TAYLOR

THE GOVERNMENT has been asked to introduce new legislation which would extend the powers of local authorities with inner city problems to provide aid to small businesses.

The Association of Metropolitan Authorities has asked Mr. Michael Heseltine, Environment Secretary, and Sir Keith Joseph, Industry Secretary, to consider a draft Bill prepared by the Association which would greatly extend existing inner city policy.

The Bill has been drafted to complement rather than replace the existing arrangements of the Inner Urban Areas Act and would provide extensive new powers for local authorities with inner city problems. These would include the power to provide loans and grants to small firms employing less than 100 people.

Local authorities would be given powers to assist small firms with the provision of both finance and infrastructure—powers which are not generally provided under the Inner Urban Areas Act, which deals primarily with large and medium-sized companies.

Mrs. Shelagh Roberts, chairman of the association's planning and transportation committee, which drafted the Small Firms Assistance Bill, emphasised yesterday that the new legislation would "in no way conflict with regional policy or with existing inner city policy."

There will probably be some opposition to the Bill all the same on the basis that it would give local authorities a significant role in inner city regeneration independent of central Government control.

Councils draw up new wage fixing machinery

BY PAUL TAYLOR

A MAJOR change in the pay bargaining machinery covering local authority employees has been proposed by the Association of Metropolitan Authorities.

A "green paper" prepared by the association suggests a radical change in the existing central annual pay negotiations, placing them under the more direct control of the political leaders of the main local authority associations.

The AMA, whose members account for 40 per cent of the 2m local government employees, has grown increasingly concerned about the operation of the present system. It says there is little correlation between the leading local authority members, who are involved in discussions with the Government over the rate of support grant, and the members, who determine how two-thirds of this grant should be spent—on wages.

The association proposes a streamlining of the Local Authorities Conditions of Service Advisory Board, which handles the pay negotiations.

Under the proposals, the 27 Provincial Councils composed of groups of local authorities at local level, would continue to handle local negotiations. The central negotiations would be placed firmly in the hands of the association's political masters—the same men who handle the rate support grant negotiations.

At present, it is argued that because the local authority associations do not control the board, which is largely composed of local representatives, a serious anomaly exists.

Mr. "Tag" Taylor, chairman oft he association, will expand on the proposals in a speech next week

CHRISTINE MOIR LOOKS AT SUPERVISION OF THE SECURITIES MARKET

Larkfold case study reveals 'imperfections'

CONTROL OR supervision of certain areas of the securities market is "less than perfect," according to Mr. Donald Nicholls, QC, and accountant Mr. Edmund Wright, the inspectors appointed by the Trade Department in 1975 to investigate the affairs of Larkfold Holdings.

The history of Larkfold, a company set up in 1971 to acquire and transform Demodera Tea, a "shell" company, illustrates a number of these areas. These include "the exploitation of shell companies and of the privileges given by official listing of securities on the Stock Exchange, the acquisition of control through the 'warehousing' of shares, and the use of a company's own funds to purchase its own shares," the inspectors conclude in their 210-page report.

"Above all, it shows the dangers which follow when individuals are able, at little or no expense to themselves, to obtain control of publicly quoted companies for any purpose, or lack of purpose, that they may have in mind."

Resources

The fortunes of Larkfold itself, the inspectors say, were modest and unimportant but they provide a case study "which should give some guidance to those who are responsible for controlling corporate finance and for the proper conduct of the securities market."

Briefly, the inspectors believe, Larkfold was not the sort of company which merited a Stock Exchange quotation nor would it have stood any chance of obtaining a listing. Its resources were too small; its management inadequate; it had no established trading base or profits record; its shareholding control (and hence its directors and management) could and did, change frequently: its nature made it a prime speculative vehicle.

The problems of Larkfold—which during its brief life had financial resources of just more than £1m and ended its days with only one asset—a former Lancashire cotton mill finally sold for £84,000—arose because it avoided the stringencies of applying for a full Stock Exchange listing.

Existence

Instead its major shareholders, Gresham House Estates and Corinthian Holdings, bought control of Demodera Tea and agreed for a takeover of Demodera by Larkfold in return for Larkfold shares.

The parties who acted in concert to buy control of Demodera simply kept their stakes below the notifiable levels (at that time 10 per cent of the equity) and did not disclose their common interests.

The inspectors believe that even with the amendment to the Companies Act bringing down the notifiable level to 5 per cent such moves may still not be preventable.

With the share takeover, Larkfold came into existence as a company consisting of little more than £100,000 in cash which had been Demodera's main asset.

The inspectors note that the Stock Exchange has been aware for many years of the opportunities which arise when "shell" companies are acquired by other companies which would not in themselves have qualified for listing.

While recognising the Exchange's responsibilities to shareholders if it orders the suspension of the listings of such companies the inspectors say that there may be a case "for the Stock Exchange to be more rigorous in suspending the quotation of compaines whose principal assets are their quotation and their cash."

The Stock Exchange did, in fact, follow the early stages of the company very closely. After a £160,000 rights issue Larkfold's directors proceeded to try to diversify the group into property, in the first place through the acquisition of shares of a 20 per cent stake in Blueprint, a property development company. A commitment to lend Blueprint up to £100,000 for property schemes was also given.

Larkfold did not tell the Stock Exchange of the loan commitment and the Stock Exchange, in its ignorance, permitted the acquisition which it thought was merely another trading investment.

Advisers

In fact, the Stock Exchange had specifically prohibited Larkfold from diversifying without having previously sought its and shareholders' permission.

This was well known to the Board and the then chairman, Mr. Andrew Arbuthnot, who was also a director of Arbuthnot Latham, Larkfold's advisers in its early days and previously the managers of Demodera.

The Blueprint shareholding itself had a dubious asset value as its book value was based on a directors' valuation *substantially in excess of cost. This* was brought to the attention of the Board by the company's auditors Turquands Barton Mayhew.

At this stage Larkfold was a growing company able to make further acquisitions such as Cabbondin, a small investment company. Then came a setback. Larkfold tried to make a takeover for a property company, Watling Properties, but was refused permission by the Stock Exchange, on the grounds that Larkfold was not a property company.

Affairs

The directors, frustrated in their attempts to develop the company, then accepted the nation of outside shareholders buying into Larkfold by way of injecting properties into it.

The first such example came to nothing when it was realised that Section 54 of the Companies Act would be breached if the company paid for the injected properties and the proceeds were then used by the vendors of the properties to buy shares in Larkfold.

Unfortunately, part of the transaction had taken place—the contract to buy the shares—when the breach was recognised.

Then a Mr. Murray Harrod, a New Zealander, offered to buy the shares and fulfil the contract. As the inspectors relate: "This was the crucial period in Larkfold's history."

Mr. Harrod was only associated with Larkfold for 10 weeks but during that time the affairs of the company were "conducted irresponsibly and improperly."

Mr. Harrod was later arrested and extradicted to Australia to face charges there bought control of the shares by a route that was "a blatant misuse of Larkfold's assets and a breach of section 54 of the Companies Act."

This involved a complex series of transactions whereby Mr. Harrod bought and then sold for a substantial profit to Larkfold Pendle Mill, a former cotton mill in Lancashire, in such a way that the proceeds could be used to pay for his shareholding in Larkfold.

It also involved a breach of Stock Exchange rules in that the acquisition of Pendle Mill by Larkfold should have been the subject of both Class 1 and Class 4 circulars to members.

Even the price paid by Larkfold for Pendle Mill was excessive. Valued shortly before the acquisition at £135,000 and finally sold for £84,000 some years later, it was acquired by Larkfold for £350,000 on a valuation by Mr. John Francis in which the inspectors say Mr. Francis permitted himself "to be over-influenced by his knowledge of the price already arranged."

Mr. Harrod also charged the company a "spotters" fee for introducing the property a fee when his own company loaned Larkfold money to complete the transaction, and used Larkfold to guarantee his acquisition of a stake in Leaderflush—another breach of Section 54 of the Companies Act and which ultimately left Larkfold with a 21 per cent stake in Leaderflush bought for £144,000 and later sold for £28,000.

Mr. Harrod, according to the inspectors, must "bear the major responsibility for the substantial losses. These losses flowed from his running the company's affairs with objectives in mind other than the best interest of Larkfold."

On the other hand, the inspectors do not find that his was the sole responsibility. They point to weakness of Section 54 of the Companies Act, with "its derisory maximum fine" as one cause. "If it is to be regarded more seriously the section, either in its present or an amended form, needs teeth," they say.

And they also castigate a number of the other directors and stockbrokers Sandelson and Mr. Robert Ellis, to a lesser or greater degree, for permitting their company's funds to be misused, and for not accepting or carrying out the responsibilities of their positions.

There were also many boardroom changes, including the resignations of the Arbuthnot representatives and those of Gresham House and Corinthian. The speed and ease of these changes the inspectors find "disconcerting and worrying." They point out that when directors resign on a change of control and appoint their own successors "they must, or should, have a grave responsibility" to see that their successors are "responsible and competent."

Airports helicopter link loses £400,000

THE GATWICK-HEATHROW airport helicopter link lost £400,000 and received more than 700 complaints about noise, in the first year, the British Airports Authority said yesterday.

The operators, British Caledonian Airways and British Airways yesterday announced plans for a £2 rise to £14 for the single fare between the two airports. If approved by the Civil Aviation Authority, this would come into effect in November.

Losses are expected to continue, at a reduced level, for another two years, as forecast last June when the service started.

Results for the first year would have been better, the BAA said, but for the severe winter. This helped push the passenger load down by 6,000 from the 64,000 forecast. Just less than one-third of the S61 helicopter's 28 seats were used on an average flight.

British Caledonian Airways and British Airways operate the service on behalf of the BAA. Both airlines plan to apply to the Civil Aviation Authority today for a five-year extension to the operating licence.

But the long-term future of the helicopter link depends on the progress made with the M25 motorway which may eventually link the two airports. The helicopter service would then be reviewed.

Lay-offs at Ulster carpet factory

By Our Belfast Correspondent

ABOUT 350 workers in Ulster are to lose their jobs because of a cutback by Donaghadee Carpets, a subsidiary of Carrington Viyella.

The company said yesterday that adverse trading conditions had led to losses and it was forced to readopt a two-shift system to improve efficiency at its County Down factory.

The labour force of 830 will be cut by more than 40 per cent. Most of the 290 production workers to be made redundant will go by the middle of next month, followed by weekly and hourly-paid staff.

The company said the long-term viability of the factory depended on the successful implementation of the new working system, coupled with an improvement in demand.

Following consultations with unions, the company said three factors had affected its trading over the past two years.

There had been an increase in production capacity in some European countries, which previously had been markets available to UK suppliers. The home market had also experienced a drop in demand and competitive imports had reduced the market share for home carpet producers and brought a reduction in margins.

Current and predicted demand was for considerably less than the present 300,000 sq m capacity of the factory on its three-shift basis. The company said it would strive to preserve as many jobs as possible.

Twin-deck ferry loading ramp

Financial Times Reporter

A TWIN-DECK loading ramp for Sealink ferries between Stranraer, Scotland, and Larne, N. Ireland, was opened yesterday by Mr. George Younger, Secretary of State for Scotland. It enables vehicles to load or unload simultaneously on new twin-deck ferries.

Mr. Leslie Seanem, chairman of British Transport Ship Management (Scotland), which operates the Larne-Stranraer route, said that business had been increasing steadily for some years. Last year a record 266,000 vehicles and 880,000 passengers were carried.

Liquidity ratio falls 24% in first quarter

BY JOHN MAKINSON

COMPANY LIQUIDITY fell steeply in the first quarter of this year to reach the lowest level since mid-1977, according to the Industry Department's latest survey of about 225 major companies.

On a seasonally adjusted basis, the liquidity ratio—total current assets as a proportion of current liabilities—fell to 98 per cent at the end of March from 123 per cent at the end of last year, leaving a surplus of liabilities over assets for the first time since September, 1977. At the end of March, 1978, the ratio was 126 per cent.

On the same basis, current assets fell by £239m to £4.39m over the quarter, while liabilities were up £677m to £4.44bn.

The survey, published today in the official magazine Trade and Industry, shows that the reduction in liquidity since the mid-1978 peak mirrors the rise in the previous three quarters.

The department notes, however, that the companies surveyed may not be representative of the industrial and commercial sector as a whole. It adds that there have been some revisions in both the actual and seasonally adjusted figures.

The adjusted figures show that almost two-thirds of the £920m fall in net current assets was accounted for by the manufacturing sector, though the fall in its liquidity ratio—from 110 to 88 per cent over the quarter—was smaller than for non-manufacturing companies, where the drop was from 148 to 119 per cent. The department is giving separate adjusted figures on the two sectors for the first time. Unadjusted, the fall in net current assets of all surveyed companies was £753m.

The survey only covers liabilities with an initial loan term of up to 12 months and the department says the level of liabilities may have been affected by switching between short and longer-term borrowing.

There was a sharp change in the composition of assets held by companies over the quarter. Deposits with UK banks and finance houses fell by £683m, with £567m of this accounted for by non-clearing banks alone.

Most of this was offset, however, by a £359m rise in holdings of currency, Treasury bills and tax instruments. There was also a £75m rise in holdings of British Government securities, which compares with a £10m increase for 1978 as a whole. Taken together, holdings of negotiable certificates of deposit and local authority bills and temporary money were up £88m.

The rise in liabilities was spread fairly evenly between deposit and clearing banks on the one hand and non-clearers on the other.

Burglary risk is double in London

By Eric Short

THE RISK of a London home being burgled is more than double that for the country as a whole. This warning is given by the Phoenix Assurance Company in a booklet issued to all its policyholders.

Last year one household in 17 was burgled in London, compared with one household in 38 for the rest of the UK. It said that the problem was getting worse.

The booklet tells policyholders that there were two things they could do. First, take every possible precaution to protect homes. Simple advice is given on securing windows and doors. It was no use hiding keys. Thieves were expert at finding them.

Second, the booklet warns of the danger of being under-insured. The amount of cover could be inadequate to meet the cost of replacing the items stolen. The booklet illustrates the likely costs of contents in a typical household. It estimated that it would cost about £7,500 to replace the contents of a normal three-bedroom house.

Mr. K. D. Sinfield, the personal insurances manager of Phoenix, stated that losses from private households were 25 per cent up on last year and now averaged £100,000 a day.

Rail cuts less severe than first expected

FINANCIAL TIMES REPORTER

BRITISH RAIL announced yesterday that proposed cuts in diesel train passenger services may not be as severe as originally envisaged after last-minute talks with major fuel suppliers.

Cuts in services starting next Monday were to have been announced yesterday. Earlier this week British Rail said it would have to cut diesel train passenger services by 7 per cent following a reduction of 7.3 per cent in its fuel supplies, mainly from Shell and Esso.

But British Rail said yesterday: "We have had further talks with the fuel suppliers and the cuts in supplies will not be as severe as expected. We are gaining some concessions from the oil companies."

Both Esso and Shell started rationing oil product supplies to all customers at the beginning of this month. This was because of a shortfall in crude oil supplies and the need to rebuild depleted stocks in time for next winter.

British Rail said its regions were delaying announcements of cuts, but some were expected to be given today.

Budget plea

Meanwhile, the 15,000-strong Freight Transport Association has told the Chancellor of the Exchequer, Sir Geoffrey Howe, that a Budget increase in fuel tax would add to transport costs already affected by increased fuel prices.

The FTA maintained that if there was a case for applying different rates of duty for oil fuels, diesel should benefit before petrol.

The association said diesel-engined vehicles, while more expensive to buy, were 20 per cent more efficient. The Government should encourage operators to change to diesel-engined vehicles.

It claimed that if the rate of duty on diesel were dropped to 30p a gallon, industry would benefit at the rate of more than £50m a year. Higher fuel costs would eventually be reflected in increased High Street prices.

Monuments draw 55m tourists

By James McDonald

BRITAIN'S historic houses, gardens and ancient monuments received 55.5m visits from tourists last year—11m of them from overseas. This was 5 per cent higher than in 1977.

The British Tourist Authority says historic properties in the care of the State attracted over 16m visitors and those administered by the National Trust nearly 6m. There were about 32.5m visits to independently-owned historic properties—17 per cent more than in 1977.

"Our historic houses, gardens and ancient monuments are among our main attractions for overseas visitors, as well as British holidaymakers," said a BTA spokesman.

The Tower of London was the greatest attraction, with more than 3m visitors, with the Jewel House in the Tower bringing in 2.1m.

Police urge companies to adopt crime prevention measures

BY COLLEEN TOOMEY

COMPANIES could continue to be victims of serious crime as long as they refused to implement cost-effective security methods, Chief Superintendent Arthur Snow, director of the Home Office Crime Prevention Centre, said yesterday.

Incidents of theft, robbery, fraud and arson could mean the difference between profit or loss to a company, he said at a security conference run by the Institute of Purchasing and Supply.

Robberies netted an average £918 in 1977, and employee theft average £317. The value of property stolen in burglaries of commercial premises averaged £190 and there was £36,000 offences reported to the police that year, Mr. Snow said.

Cost-effective security measures offer the most manageable way for companies to prevent crime. Dealing with "shrinkage" effectively could substantially increase net profit in most companies from 20 to 25 per cent and in some extreme cases by as much as one third. A 1973 Home Office working party on shop security concluded that "retailers do not know what their losses from dishonesty are and their estimates are often no more than blind guesses."

Other measures included:

The appointment of a security adviser responsible to an executive in authority;

The use of security methods relevant to the type of thief likely to be encountered: 90 per cent of thefts occurred during daylight working hours, and 70 per cent of those by opportunists who succeeded only because of lax security;

The use of a good materials handling and storage system: unnecessary wastage and untidiness encouraged people to help themselves;

Supervision of all vehicles: employees' vehicles should never be allowed into areas near or containing inviting goods and if possible there should be only one vehicle entrance and exit.

THE NUMBER of serious offences — previously called indictable offences—recorded by the police in England and Wales declined 3 per cent in the first quarter of this year to 583,000, compared with the same period in 1978 and by 5 per cent on the first quarter of 1977.

But within this total there was a further rise in the number of offences of violence against the person, 6 per cent higher than in the first quarter of 1978. This increase was similar in scale to the year-on-year increases recorded for this offence group in both 1977 and 1978, the Home Office said.

Mower safety code issued

THE BRITISH SAFETY COUNCIL has issued a safety code for power mowers after the electrocution of a Surrey housewife while mowing her lawn on Monday.

Mr. James Tye, director-general of the council, said: "The power mower can be one of the most dangerous machines around the house if used incorrectly."

The code stresses that electric mowers should be disconnected from the mains supply before adjustments are attempted, and that petrol mowers should have spark plug cables disconnected before any checks are carried out.

Oil field platform installed

BY KEVIN DONE, ENERGY CORRESPONDENT

THE 17,000 tonnes steel production platform for the Tartan oil field has been installed in the North Sea, about 135 miles to the north-east of Aberdeen.

The Tartan field, which is being developed by Texaco, the U.S. oil company, is one of the smaller commercial North Sea discoveries, with recoverable reserves of about 250m barrels of crude oil.

The field is due to come into production early next year, with output rising to about 75,000 barrels a day.

The programme has been thrown into doubt by an industrial dispute in Scotland.

Conference on child offenders

A GOVERNMENT conference on the "intermediate treatment" of juvenile delinquents will be held in Sheffield from July 9-11.

Organised as part of the International Year of the Child, it will suggest forms of court action to allow offenders to remain at home while undergoing supervised treatment.

Speakers will include Mr. William Whitelaw, the Home Secretary, Sir David McNee, Commissioner of the Metropolitan Police, and Mr. Patrick Jenkins, Social Services Secretary.

Sotheby's £189,715 silver sale

SALEROOM

BY ANTONY THORNCROFT

A SALE of silver at Sotheby's yesterday produced a total of £189,715 and a top price of £8,200 from London dealer T. Lumley for a pair of George III wine coolers. Lumley also acquired a William and Mary tankard for £6,000. S. J. Phillips, another London dealer, paid £7,700 for a George III inkstand while a pair of George III three light candelabra fetched £7,500.

The top price in an Impressionist and modern drawings' auction was the £1,050 for "Campagne de Toulon" by Emile-Othon Friesz. Among the illustrated books at Chancery Lane Hatchards paid £1,300 for a copy of Eric Gill's edition of Chaucer's "Canterbury Tales." Glass at Belgravia brought in £69,602. A large Berlin presentation vase of 1844 made £3,500, and a Berlin plaque painted by Zapf sold for £3,300.

The dispersal of the Sonnenberg Collection continues in New York. A pair of portrait busts by Joseph Nollekens of Pope and Sterne, which sold for £240 in 1965, made £16,827 while a pair of Faenza maiolica albarelli appreciated from £1,500 in 1965 to £15,385.

Christie's sold oriental carpets for £122,270 and English furniture for £85,145. Best price among the carpets was the £7,500 from Shaikh, the London dealer, for a Kashan silk embossed prayer carpet.

Professor of Leadership

DR. JOHN ADAIR has been appointed Britain's first university Professional Fellow in Leadership Studies, at Surrey University, Guildford. He will research how many managers act as leaders in big industrial organisations and also how leadership can be managed and skills improved.

Dr. Adair, 44, a management consultant, is married and lives at Windsor.

British products 'seen as out of date'

BY JAMES McDONALD

BRITAIN'S IMAGE on the Continent as an industrial producer is lower than any other major Western industrial country except Italy, according to a survey by Market and Opinion Research International (MORI).

More than 2,000 upper middle-class interviewees in Germany, France, Belgium, the Netherlands and Great Britain were asked for their views on the quality, value-for-money, and technical advancement of seven countries' products.

"We found the order overall to be strikingly similar," Mr. Robert M. Worcester, managing director of MORI, told the IBIS Conference on Corporate Advertising and Communications in London yesterday.

Presenting a paper on "How others see us: the European view of Britain today," Mr. Worcester said the West Germans scored best with all countries; America ranked second but only squeaked in ahead of the Netherlands in the views of the French and Germans.

The Netherlands were in third place, except in West Germany where they were top. France ranked fourth, Belgium fifth, Britain sixth and Italy seventh.

Mr. Worcester said "Perhaps worst of all, Britain is seen as producing technically out-of-date products. This may or may not be true. But the fact remains that this is the perception, and in the real world of commerce, industry and politics, it is the perception that pertains.

"I was brought up in America to think that the British made expensive but excellent quality and exceedingly good value products.

"That opinion is not shared on the Continent today. Since moving to Britain I have been witness to radio and television programmes, newspaper and magazine articles and many speeches that have talked about the quality of British technology.

"This reputation for technical advancement only finds credibility here in Britain," he declared.

The survey showed that Europeans thought British goods were not of such good quality nor such good value for money as others' products, and that British business was not responsive to customer requests and was slow to deliver.

Phone in for basic maths

A PHONE-IN service started yesterday to help people who have forgotten how to add and cannot check their gas bills.

The Adult Literacy Support Services Fund began an experimental eight-week service for adults who need help with basic maths. The number to ring from outside London is 01-992 5522. Initially it will operate from 6-8 pm every Thursday.

Further talks as building workers reject 14% offer

BY NICK GARNETT, LABOUR STAFF

CONSTRUCTION unions and employers will meet again on Monday after a decision by three of the industry's four unions to reject a pay offer worth up to 13 or 14 per cent.

The employers, who are deeply divided over whether further concessions should be made to the unions, will meet before then to assess their position.

The Transport and General Workers Union, whose members have adopted the most rigid opposition to the offer, has warned that industrial action may be unavoidable if the proposals are not improved.

Construction companies believe this would involve action at construction sites in certain areas, including London, the Midlands, Merseyside and some parts of Scotland.

The industry's joint union side met yesterday. The Transport and General, together with the General and Municipal Workers Union and the Furniture, Timber and Allied Trades Union, confirmed their members' rejection of the proposals.

The Union of Construction, Allied Trades and Technicians, the biggest construction union, has been prepared to accept the offer which affects the pay and conditions for 700,000 workers.

The unions appear to accept that the employers are unlikely to make any significant improvement in new money. They will tell employers at Monday's Building and Civil Engineering Joint Board meeting, however, that there must be improvements in consolidation.

The offer would increase guaranteed minimum earnings of craftsmen from £60.20 to £67 per week, and of labourers from £52 to £57.20, but leaves many bonuses and supplements unconsolidated.

The joint board meeting will involve the full joint operative side which includes FTAT, which is not represented on the board, and senior union officials other than national negotiators.

BL engineers set for one-day strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

DESIGN ENGINEERS at BL Cars will stage a one-day strike next Monday to open a militant campaign of selective action which could delay the important launch of the Mini Metro scheduled for next year.

TASS the white collar section of the Amalgamated Union of Engineering Workers is calling out its 6,000 members in protest at the company's failure to implement a new grade structure, that would yield wage increases of between 15 and 30 per cent.

Mr. Bob Parsons, TASS divisional officer, said procedure had been exhausted in negotiations, which had dragged on for 11 months. "We deeply regret the action, but have no alternative. Talks had become academic, because the company insisted they could not pay the money until shop floor productivity had increased."

The company maintains that all payments must be self-financed, and cannot be made until productivity across BL Cars has hit the planned targets.

Mr. Parsons insists that TASS has never accepted that the wages of design engineers could be tied to over-rule productivity.

Earnings had fallen well below those at Ford, Chrysler and Vauxhall and trained professional employees were leaving the company in their hundreds. BL had to make an investment in its design engineers if it was to maintain the independence of the British motor industry.

The TASS members who in the main earn between £4,000 and £5,000 a year, will decide at plant level what action to take. The union has recommended a strict work-to-rule overtime ban and non-co-operation on projects such as the collaboration deal with Honda and the introduction of the Mini Metro.

Mr. Parsons thought the overtime ban would have an early effect, and action by certain groups of workers could quickly halt the commissioning of new machinery for the Mini assembly plant.

● BL Cars announced yesterday the appointment of a new employee relations director after the resignation of Mr. Bill McLean. He is Mr. Geoffrey Armstrong, 32, who joined the company five months ago from Leyland Vehicles.

Lucas men demand substantial increase

By Our Midlands Correspondent

SHOP STEWARDS representing 12,000 production workers at Lucas Industries are recommending strike action unless the company makes a "substantial" increase in its latest offer of around 8 per cent.

Talks at plant level about the annual pay increase usually awarded at the beginning of next month have broken down, Mr. Ernie Hunt, a Birmingham district secretary of the Amalgamated Union of Engineering Workers, said last night.

Hopes of averting militant action rests upon a meeting to be arranged by the company with full-time union officials. No figure has been put on the shop stewards' claim, but Mr. Hunt said expectations would be raised by the recent award of around 25 per cent to doctors, dentists and the heads of nationalised industries.

Lucas is likely to argue that in the current difficult market conditions, even an increase of 13 or 14 per cent would make products uncompetitive and put jobs at risk.

NUR agrees to joint talks in Tube dispute

BY OUR LABOUR STAFF

THE NATIONAL UNION of Railwaymen yesterday agreed to joint talks with London Transport and officials of the Advisory Conciliation and Arbitration Service on pay and the union's decision to call a strike of its 15,000 Tube members from June 18.

The NUR executive accepted the offer after officials of the union and the train drivers' union ASLEF met ACAS yesterday. Union officials had given a warning that further meetings with London Transport would be "useless" if no more money was forthcoming.

The rail unions, representing about 23,000 Tube workers, have rejected an offer worth 10.3 per cent, and have claimed increases of 17-20 per cent.

● London Transport announced yesterday expected bus and Underground fare rises from June 17 of an average of about 7.5 per cent. Adult bus fares will increase by about 5 per cent. The minimum Tube fare in Central London will rise from 10p to 15p, and season tickets will go up by an average of 8.5 per cent.

Grosvenor action made official

By Our Labour Staff

A STRIKE by hotel workers at the Grosvenor Hotel in London's Park Lane was made official yesterday by the Furniture Timber and Allied Trades' Union. The dispute over the sacking of a chambermaids' shop steward began a week ago.

Management said the hotel was maintaining almost normal service in spite of stepped up action by 30 staff, which included forming a chambermaids' picket line.

A number of chefs and maintenance workers refused to cross the picket line during the morning, but later the chefs decided to return to normal working for the time being. They will discuss the issue further with officers in their own union, the General and Municipal Workers' Union, next week if the dispute is not settled.

The chambermaids were sacked last week for holding a meeting during working hours to discuss the disciplinary action taken by the hotel management against their shop steward.

Officials in the Advisory Conciliation and Arbitration Service were yesterday helping to make arrangements for a meeting between management and union representatives.

Unions to learn Civil Service staff cut plans

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions expect to be told details of the Government's programme of staff cuts at a meeting with senior Civil Service Department officials on Monday.

Union leaders will meet Sir John Herbecq, Second Permanent Secretary in the department, who told the unions in March that staff cuts would have to be made if the service exceeded its cash limits on pay, and they will press for details of the Government's longer-term thinking on manpower levels after the end of its three-month freeze on recruitment in the service.

Officials seem likely to put forward a series of possible levels for departmental reductions, on a basis of 5 or 10 per cent cuts. Some departments are already lobbying to be counted as exceptions.

Mr. Paul Channon, Civil Service Minister, has told a meeting of permanent secretaries, though, that he wants cuts rather than excuses.

Staff meetings of members of the Society of Civil and Public Servants (SCPS) in the Customs and Excise Department—the first department to freeze recruitment and promotions—yesterday called for militant action to maintain conditions of service.

Union officials today meet Civil Service Department negotiators to discuss the implementation of comparability rises due to some senior civil servants which, if fully enacted, would take the maximum pay of the 1,100 Assistant Secretaries from £12,273 to about £18,700 and the maximum pay of the 650 Senior Principals from £10,809 to about £15,000.

Full implementation would seriously disrupt top civil servants' differentials, which department negotiators are anxious to avoid.

Strike ends at GEC's Dorman diesels plant

MORE THAN 500 workers at GEC's Dorman diesels plant in Stafford yesterday voted to end their week-long strike over a productivity deal.

The men, on unofficial strike for the first time since the company started 100 years ago, accepted an offer at a mass meeting in a community centre near the factory, and will return to work on Monday.

'Censorship' attack on NUJ

THE EDITOR-in-chief of the Press Association, the national news agency, yesterday accused officials of the National Union of Journalists working at the agency of "censoring" a legitimate news story.

Mr. David Chipp said that last night Mr. Ken Dennis, the agency's NUJ father of the chapel (office branch chairman), had instructed subeditor members of the union not to handle a story contributed by a journalist employed by the Nottingham Evening Post, where the NUJ is in dispute.

"PA has always assessed news on purely editorial grounds," said Mr. Chipp. "Now a trade union is telling us which sources we can and cannot use on industrial grounds.

"It is an intolerable situation and if permitted would mean that the entire PA operation and reputation would be jeopardised. What we have here is attempted censorship by some members of the journalistic staff."

Mr. Dennis said the NUJ had instructed members that news sent from the Nottingham Evening Post was "black," and the PA chapel had no alternative but to refuse to handle the story.

The story reported the rejection by an industrial tribunal at Nottingham of an unfair dismissal complaint by Mr. Kevin Hill, one of 28 journalists dismissed by the Nottingham Evening Post last December for joining the NUJ's provincial journalists' strike.

It was a test case affecting other dismissals. Mr. Hill said yesterday the NUJ would appeal to the Employment Appeals Tribunal.

The Press Association NUJ chapel later issued a statement refuting the censorship allegation.

"The facts are that the story was supplied by a journalist employed by a newspaper directly involved in the dispute and has been blacked by the NUJ.

"In any event, normal professional ethics require that news be obtained from an impartial source which was available if the Press Association had tried. A reputable freelance news agency, not involved in the dispute, was present at the tribunal hearing and could have supplied a report if asked. This would not have been 'blacked'."

ENERGY REVIEW: THREE MILE ISLAND **BY DAVID LASCELLES IN NEW YORK**

The jig-saw puzzle starts to fit

TEN WEEKS after the chilly March morning when alarm bells rang on Three Mile Island heralding the worst nuclear accident to occur in the U.S., the causes are finally beginning to fall into place, although the main actors in the drama — Babcock and Wilcox which supplied the reactor and Metropolitan Edison which operated it — are still pushing the blame from one to the other. Babcock and Wilcox had its say at a Press conference in Lynchburg, Virginia, earlier this week.

The picture that emerges of the first hours of the crisis is one of confused operators grappling with a situation for which their training had not prepared them, making worse by their errors what started out as a minor fault. The supreme irony of Three Mile Island is that if the controllers had sat tight and done nothing when the alarm sounded, the nuclear station *might well have shut itself down automatically*, without crisis, radiation leaks and damage to the core.

As it is, human error was responsible for four of the five major factors contributing to the accident, including what the Nuclear Regulatory Commission has labelled "the most significant" one.

Starred

Although the findings which have emerged at President Carter's commission of inquiry and the manufacturers' and operators' own investigations are highly technical, what went wrong can be described simply: the nuclear fuel, from which heat is removed by circulating water under high pressure, was inadvertently *starved of coolant* during the critical early minutes of the crisis. By the time this was discovered, the reactor had reached such high temperatures that parts were damaged, and the unexpected—such as the growth of the famous hydrogen bubble—started happening.

The crisis began at 4 am when workers carrying out routine maintenance to the main feed-water system accidentally turned off the supply. As the designers intended, the turbine shut itself down automatically and the auxiliary feedwater pump started up.

However, the valve admitting this new water supply to the cooling system had accidentally been closed several days earlier, and nobody had noticed. The reason is still unclear. But it may have had something to do with the fact that in U.S. control rooms red lights indicate that valves are open and motors running, and green lights mean they are closed and stopped—the exact opposite of the more usual green-go and red-stop. The light on this valve showed green for closed, but controllers may subconsciously have registered green for open.

The fact that the valve was closed prevented the emergency water supply reaching the system, allowing the fuel temperature to shoot up and the reactor pressure to rise.

In only five seconds, the pressure reached a point where a safety valve opened automatically to reduce it. But this was not enough. Four seconds later, the pressure had reached a level *where the reactor shut itself* down automatically. So within 10 seconds from the start of the accident, the two main pieces of generating equipment, reactor and turbine, had shut themselves down, as their designers intended.

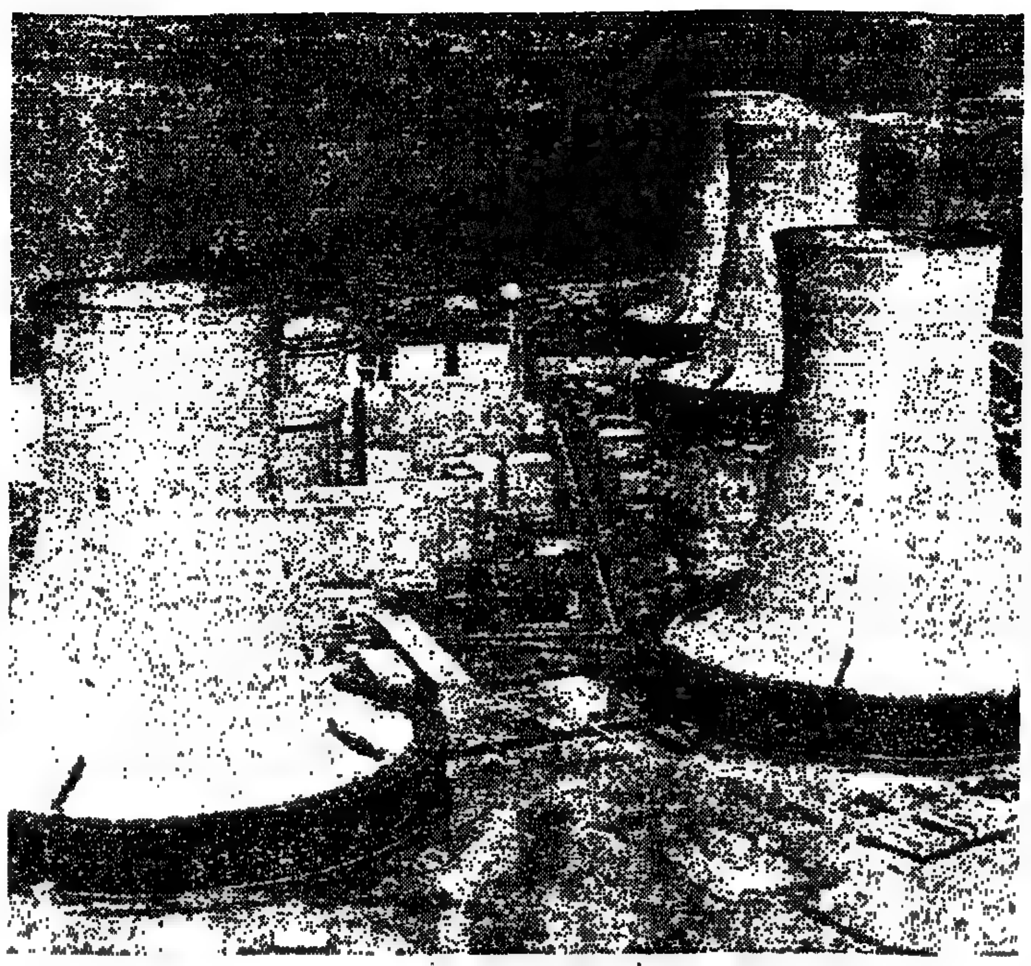
With the end of the nuclear reaction, the temperature and pressure began to drop again, at which point the safety valve should have closed again automatically. *But it did not—and* that was the only major mechanical failure in the accident. Automatic relief valves are notoriously unreliable, so the system's designers had installed an emergency block valve in case this should happen. But the failure of the valve to close was not noticed until 1.30 minutes from the beginning of the accident. By that time it was too late.

The open valve allowed pressure to escape from the system, posing the danger that water inside would flash to steam and leave the fuel uncooled. This activated the emergency core cooling system, when high-pressure injection pumps automatically began forcing an emergency coolant supply into the reactor.

Things had been going wrong for only two minutes at this point, but the controllers—evidently confused by the speed of events—feared the system might now overfill with water, so they overrode the automatic controls on the emergency pumps and shut them off. This action, which Babcock and Wilcox says was based on a narrow reading of the situation, has been described as "the most significant factor in the accident."

Mr. John MacMillan, vice-president of Babcock and Wilcox's nuclear power generating division, told a Press conference this week: "Had the operator allowed the high-pressure injection pumps to continue operating and perform their designed function of providing coolant for the reactor, there would not have been the subsequent core damage and corresponding release of radioactivity."

As it was the water flashed into steam causing the circulation pumps to shudder, so the operators shut them off too. The reactor was now deprived of *all* sources of coolant, and its temperature began to shoot up again, to somewhere between 2,000-3,000 degrees F. (still far below the melting point of the ceramic fuel). In the next two hours, much of the water boiled away and the zirconium alloy cladding round the fuel rods began to react with the steam, creating the hydrogen which formed a bubble in the top of the reactor.



Three Mile Island—the accident was '80 per cent human error.'

Several hours

It was only, after several hours that engineers grasped exactly what was happening, and eventually they restarted the high-pressure pumps to inject coolant into the reactor. Finally, 16 hours after it all began, they managed to "stabilise" the system at around 280 degrees F.

By then the damage had been done. Radioactive water had spurted through the relief valve into the drain tank, rupturing an overflow disc and spilling on to the reactor building floor. Although a sump had been designed to collect spillage and drain it off to storage, venting of the reactor buildings caused radioactive steam and gases to escape into the atmosphere.

The amount that got out was comparatively small (at the most one X-ray's worth per person) but radiation levels in the building are still so high that no-one has yet been able to approach the reactor and examine it.

That is one reason why it is still hard to assign the blame for the accident. But given the enormous legal claims that are likely to arise, all the individuals and companies involved have already sharply delineated the limits of what they believe to be their responsibility.

The position of Babcock and Wilcox, which supplied the nuclear steam supply system and various auxiliary and emergency support systems, was summarised by Mr. MacMillan: "We don't believe we have blame in the Three Mile Island accident: we believe it was the actions of the operators."

Even so, the company acknowledges that procedures will have to be improved. The relief valve which stuck open—made by Dresser Industries to Babcock and Wilcox specifications—will be moved lower down the emergency sequence. The reactor will be re-programmed to shut down automatically before the valve takes the strain and not, as at Three Mile Island, afterwards.

This change, and others like it, could have a significant impact on the reactor's operation. They mean that the reactor is likely to shut down more frequently, possibly improving its safety but also impairing its economic efficiency. Reactor owners would prefer to go through all the safety systems before having to shut down the reactor.

Mr. MacMillan also conceded that the system for draining off spilled radioactive water (in which the radioactivity *escaped) will have to be* "re-evaluated."

Simulator

Apart from supplying equipment, his company also trained the Three Mile Island operators for about two months on a reactor simulator—a simulated nuclear control room—at its headquarters in Lynchburg, Virgina. But though the company blames operator error for the accident, it denies responsibility for the training since the courses were devised by the owners of the reactor and approved by the Nuclear Regulator Commission — the government's nuclear inspectors. However, Mr. MacMillan says that *simulated emergencies on which* they were trained assumed that all valves and pumps were in the correct operating mode when the crisis started. At Three Mile Island, crucial valves were closed when they should have been open. So now, his company is training controllers in "multiple equipment failures."

The company also claims that the fact that the valves were closed means that the power station was being operated in violation of the operating manual, and therefore in violation of its operating licence, too.

For their part, Metropolitan Edison and its parent company, General Public Utilities (which has been brought to its knees *financially by the accident*), complain that their operators were never trained to cope with such a concatenation of events, and that such things as the lay-out of the control room and instruments made human error more likely.

Babcock and Wilcox concedes that it was unprepared for the way the crisis developed, particularly regarding the totally unforseen hydrogen bubble—though that was never the explosive hazard it was once labelled. According to Mr. MacMillan, future reactor designs will contain some means like a vent or valve for releasing bubbles.

Public faith

For the public, all the arguing has weakened still further its faith in nuclear power. The talk of human error and the unforeseen has tended to overshadow the fact that only one small piece of equipment failed, and even that had been catered for by the makers.

It will be months before responsibilities are finally assigned by the presidential commission. But already the accident has led to tougher safety standards, both imposed by the nuclear inspectors and set voluntarily by the nuclear power industry. *The net result will be to* increase the cost of nuclear power generation, possibly by large amounts, and possibly to drive some of the industry's members out of business.

Mr. George Zipf, vice-chairman of J. Ray McDermott, the large engineering company which, ironically, fought a tough battle to acquire Babcock and Wilcox only two years ago, commented: "There's been a lot of speculation as to who it might be that might fall by the wayside . . we firmly intend to remain part of the nuclear industry."

FOOD PRICE MOVEMENTS

	June 7 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton ...	1,150	1,150	1,150
British A.1 per ton ...	1,095	1,065	1,065
Ulster A.1 per ton¶ ...	1,095	1,065	1,065
BUTTER			
NZ per 20 kg	14.22/14.37	14.22/14.37	14.11/14.34
English per cwt†	81.65	81.65	81.65
Danish salted per cwt†	85.10/87.85	85.10/87.85	85.10/87.85
CHEESE‡			
NZ per tonne	—	—	—
English cheddar trad. per tonne	—	—	—
EGGS*			
Home produced:			
Size 4	2.90/3.00	—	2.80/3.10
Size 2	3.40/3.60	—	3.15/3.30
	June 7 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	60.0/65.0	59.0/63.0	57.0/60.0
Eire forequarters	40.0/42.0	41.0/43.0	38.0/41.0
LAMB			
English	—	82.0/96.0	—
NZ PLs/PMs	51.0/52.5	51.0/52.5	51.0/52.0
PORK			
All weights	34.0/44.0	34.0/44.0	33.0/45.0
POULTRY			
Oven-ready chickens...	41.0/44.0	41.5/43.5	39.0/43.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery June 10-17.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Total test for mobile radios

REPLACING over half a dozen instruments in the mobile radio service workshop (fixed or mobile) is the CE-50A field service monitor, a comprehensive portable test set combining all the necessary innstrumentation for fault diagnosis, alignment and functional checks on hf, vhf and uhf communications transmitters and receivers.

Selling for about £5,500 in the UK, the unit could result in a cost saving of about five to one in cases where a new workshop is being started from scratch. Apart from this the instrument obviates a mass of connecting cables and can considerably speed up servicing activity.

Measuring only 250 x 280 x 460 mm and weighing 17 kg, the CE-50A can operate from the mains, external vehicle *battery or from* internal *nickel* cadmium batteries.

It consists basically of a synthesised signal generator spanning 100 kHz to 1 GHz with well suppressed spurious emissions, an audio synthesiser (10 Hz to 10kHz), a dc to one megahertz oscilloscope, and a receiver able to conduct sensitivity measurements to the usual standards.

In the receiver mode the unit can accurately measure transmitter frequency, depth of amplitude modulation and frequency modulation deviation, from transmitters the equipment can measure power outputs up 100 by direct connection through an absorption wattmeter.

Frequency stability of one part in one million is offered as standard, or oven stabilised crystals are available to order.

More from the makers, Cushman Electronics, Thomas Mercer, Eywood Road, St. Albans, Herts AL1 2ND (0727 55313).

● HEATING

Close control of burner

BURNER components division of Danfoss has improved its burner controls for large heating applications where damper control is coupled to oil control.

Type BH025, for use with two solenoid valves, is designed for two-stage start and high 'ow operation.

Both it and the BH21 combine an established thermal timer with a new electronic timer to ensure high stability, e.g. 30 sec pre-purge time and 5-sec safety lock-out time. The units can be used with burned oil flows over 36 litres/h over a *temperature range of* $-25°C$ *to* 75°C.

These controls are approved for use on burners of any capacity meeting the requirements of *ISO 3544* and the national standards based on it, and for use on burners to DIN 4787. They are also approved for use on static hot air ovens (WLE) in Germany, *in accordance* with *DIN 4794*.

Operating on the photo-resistor principle, BH021 and BH025 carry out a pre-start *check to determine that light* is of sufficient level to influence safety on flame failure, the photo circuit being designed so that short circuit of the leads or *cell, before or during running,* causes lock-out. Oil release is, therefore, prevented if a defect occurs in the photo circuit, in the event of false illumination or flame *failure during* start or operation. Rated voltage of both units is 220V, 50Hz, with a working range of 187-264V.

Danfoss, Perivale Industrial *Estate, Horsenden Lane South,* Greenford, Middx. 01-998 5040.

● DATA PROCESSING

Big machines built from micros

NOT MANY users of medium to large computers have ever been concerned as to how their designers coped with the intimate organisation of the central processing units. Put in another way, designers were at liberty to use fly buttons or silicon chips, at random, provided the end-result was something which would *do the job* it was intended to and do it without costly breakdowns.

But the landscape has changed radically in the last three years or so. "*Micro*" *is* the name of the game and many predictions have been made as to how the micro was going to take over in the vast areas of industry, including computing.

Nothing has happened until now, at least in conventional large processors, to show that the times were catching up on traditional computer *builders*. However, Univac has taken the plunge and done a great deal more than the "repackaging" that most of the other companies in *the competition* have been guilty of since IBM launched its latest machines.

The company's 1100/60 series of machines is a complete departure, so far as the central processor is concerned, from anything that has gone before in that the processor itself is built up largely from an array of 36 powerful bit-slice micros, which will not only do what the dedicated logic chips of preced*ing models would do*, but a great deal more besides.

Now it would not be true to say that Univac is the first to do this kind of radical change*over in design* techniques. A number of entrepreneurs in the U.S. have linked together groups of 32 to 64 standard micros and by some clever programming made them perform at least as well as certain processors—such as the 370/158—albeit at one-thousandth the cost. But Univac is the first of the majors to *produce equipment based* heavily on micros, which will have to go into sites run by dedicated Univac users, and also displace competing equip*ment from other sites*. And *woe* betide Univac if it has got its sums wrong.

At the launch conference, Univac spokesmen were somewhat reticent as to cost-effectiveness and one must take their reason on the absence of comparisons with the competition at face value—that there were no multiprocessor possibilities, either in IBM or ICL, that started as low in price as those available within 1100/60. Be *that as it may, the basic smallest* layout machine in the new series would cost about £400,000. The most powerful naked dual processor would be about *£900,000*.

Bill Reid, the Univac managing director, claims that the company in terms of processor power installed is now number *3 in the UK and expects to* advance from its current market share of some 15 per cent to around 20 per cent in three years, mainly on the back *of the 1100/60, as well as the* new DCP 40 communications processor, also announced.

But to return to the new micro-based processor—one of *the advantages is that it has* allowed designers to "split" instruction processing into two paths, comparing the results and—if these do not tally—try *again*. Such a procedure, makes for much surer working with far fewer faults.

Univac is assigning a major market capture task to this new central processor, which comes in six options including two dual arrays, namely to attack markets in a huge range of equipment starting at under the power of an IBM 4341 and extending beyond the 3032. The inference is that, with four years' work on the unit behind *the company's development* centre, the latter has learned something competitors either do not yet know, or do not want to know.

And one thing that long-time Univac users will want to be assured of is that the new equipment uses the same operating system as was first written *for the 1108 machine as* far back as 1965. At their request, Univac is unbundling the new unit.

Further from Sperry Univac, *Remington* House, 65 Holborn Viaduct, London EC1P 1AB. 01-236 1010.

Organising the work on the shop floor

ICL, which to date has restricted most of its factory terminal sales effort to the UK based upon systems inherited from Singer, is now to attack Europe and the rest of the world with the 9600 series, aimed mainly at companies with turnovers in the "few millions of pounds" region.

The market remains considerable because, according to ICL, there are only about 3,000 terminals of this kind operating in the UK (perhaps 100 systems); the world market by 1982 is expected to reach 18,000 terminals.

Basically a keyboard, simple visual display unit and two readers, one for personnel badges and the other for job *cards, the 9600 can provide* up-to-the-minute information that is vital to production and engineering management in both batch and jobbing factories, and in the larger maintenance undertakings. It enables essential production data to be immediately collected and validated, when and where it arises, and made available to management and production departments, when and where it is needed.

When, for example, a machine operator uses the 9601 shop floor terminal, *he will find it* displaying the time of day and a set of ten transactions, numbered, from which he chooses the item he needs. *This menu* can be programmed to suit the type of business but might include such events as "completion of job," "on waiting time" and "change of job." He depresses the corresponding button, say number two for "*job complete*," *and, then is* told to insert his job card, insert his own badge, key in the job number, and similarly enter the number of com*ponents/assemblies involved*.

All the data goes immediately into store, and can be retrieved as total updated information, by appropriate people in appropriate places.

Another terminal version, the 9605, is used for "clocking in," the employee using his personal badge. It can handle 40 people per *minute, immediately* up*dating* employees' records.

Both terminals are robustly constructed, with big, bright *displays*. The 9601 screen can show 240 ¼-inch high characters and ICL can provide it to work in many different foreign languages. Keyboard is of the sealed pressure-sensitive type, ideal for factory environments.

Two controllers are offered for the system. The larger is *the 9835, based on the System* Ten 220 computer, and able to support 160 terminals in real-time, updating files on line and able to handle up to 20 different *jobs simultaneously. The other* controller is based on the ICL 1500 minicomputer and can control up to 24 terminals.

Software is called *Industry* 2, derived from ICL's earlier factory systems, and is such that a full range of user-specified transactions can be programmed and made opera*tional in a matter of days*. An important aspect of Industry 2 is that it allows each 9601 terminal to have its own subset of transactions (*ten out of a total* of 100).

The company says it has already received orders worth over £1m *for 200* of the terminals and associated controllers, from manufacturing companies in the U.K., France, Holland, Spain and Switzerland.

ICL is at Putney, London SW15 (01-788 7273).

Wang builds dual-role machines

EQUAL in throughput to an IBM 370/158 but still a true minicomputer and priced accordingly is the claim for the VS 100, latest addition to the virtual storage family of processors from Wang Laboratories.

Additionally the VS 100 *is* capable of executing the full *complement of Wang* word-processing software.

Wang has taken this step with its new networking systems because, in most medium-to-*large scale organisations, there* are usually three separate functions: a central data processing function; departmental data processing; and a document/text editing function. These are often supported by separate vendors and this can limit growth, expansion and integration of an individual system within these functions. With a single system that can execute data processing as easily as word processing and vice versa, system growth and expansion problems are eliminated, Wang asserts.

Pricing of the VS 100 in the U.S. will begin at $69,000 for 256K of main memory and two language compilers, with initial deliveries for July, 1980.

Meanwhile, several new word processing products have been introduced to consolidate Wang's position as the world's largest supplier of CRT-based word processing systems.

Additions include two new *office information systems;* a basic software package; a forms management package; a twin head daisy wheel printer; and several telecommunications options.

OIS/145 is the biggest machine, driving 32 peripherals, including up to 24 workstations, intelligent image printers, typesetters, OCR readers, card readers, telecommunications and twin-head printers. Storage of up to 114,000 pages of data is available in the basic model.

The company is thus expanding the capabilities of both its product ranges, which are gradually merging, in response to pressure from business users.

● LUBRICATION

Protecting drive chain

WORKING LIFE of exposed and semi-exposed drive chains on all types of industrial equipment can be extended by the use of Linklyfe, an improved lubricant from Filtrate, in aerosol form.

This has stronger adhesion to the chain, providing a longer effective life for its other improved characteristics. It is highly water repellant, prevents corrosion, is non-corrosive to all metals and, with colloidal graphite and molybdenum disulphide additives, has powerful and lasting lubricating properties.

To apply Linklyfe, the chain is sprayed from the aerosol can. *This removes the dirt and* replaces it with clean lubricant. A tenacious film penetrates the links effectively and covers all moving surfaces. Linklyfe is suitable for chains with steel or alloy links.

Filtrate, P.O. Box 67, Filtrate Works, Kidacre Street, Leeds, LS1 1LS. Tel. (0532) 450773.

● ENERGY

Boilers can be kept at their peak

OPERATING boiler installations in industry at other than their optimum level is rapidly becoming a foolhardy practice in cost terms and according to A&W Energy Walworth Industrial Estate, Andover, Hants SP10 5AV (0264 61331), average savings of 3 to 5 per cent can be made in fuel consumption, sometimes rising to as much as 20 per cent.

The requirement, says the company, is to be able to *obtain* accurate data on both carbon dioxide and temperature in the flue and it can offer a portable electronic instrument for the purpose that can be *easily* moved from site to site.

A continuous metered sample of flue gas is drawn in by a small motorised pump and after conditioning through a filter and a condensate trap it is pumped through a thermal conductivity analyser cell to give a carbon dioxide reading on a meter. Flue gas *temperature* is measured at the same time by a separate thermocouple probe next to the sampling probe.

Ranges are 32 to 1,000 deg. F. and zero to 20 *per cent* carbon dioxide.

The unit measures 8 x 10 x 8 inches and weighs 15 lb.

● MATERIALS

Tape sticks under water

SEALANT USED in a new tape from 3M Industrial Specialties Group is an oil-modified elastomeric rubber resin which is strip-coated on to a "relaxed" plastic film backing.

Adhesion to almost any substance is claimed including *wood, concrete*, bitumen, wax-treated cloth, steel and even the known difficult plastics such as PTFE and polythene. The tape also performs well when sub*merged*—it can be applied under water—requires little or no surface preparation and has been demonstrated to adhere even to lightly oiled metals.

Sealing properties are retained over a -70 to $+50$ deg C temperature range and apart from use with water the tap is also recommended for applications *that might involve acids, gases,* or dust.

Known as Varistrate SJ-8060X, the tape is liner-less and therefore easy and clean to apply. It is available in 17.4 metre (57 ft) lengths and 17, 102 or 152 mm widths. Peel-back values between 15 and 30 psi have been obtained on test.

More from 3M House, Bracknell, Berks RG12 1JU (0344 58273).

● SECURITY

Padlock is unpickable

HIGH security padlocks, based on new technology, are offered by Zemed Matachot, and application of this design to other types of locks is expected in the near future.

The mechanism is based on a four-tongue locking action. Insertion of a flat key with sloped indentations open the lock; its withdrawal re-locks it. More than ten million different combinations are possible.

Five keys and an identification card come with each lock. At present, keys can only be duplicated at the factory on presentation of the card. In future, however, this service will be available in many centres.

One of the advantages is that keys need not be turned in the lock, and therefore are not subject to bending and breaking. The strong construction of the padlock protects it against violent attack and it is completely immune to conventional lock-picking practices.

A special version is available to protect vehicles against theft. A long steel shaft grasps the clutch or brake pedal, whilst a lock and shackle hold the steering wheel firmly.

Zemed Matachot, 65 Harkayon Street, Brei Brak, Israel.

● PLASTICS

New drum factory

HARCOSTAR of Huntingdon, Cambs., part of the Butterfield-Harvey Group, has announced that it is to invest £½m on plant *for the production of L-ring* drums. The latter will be manufactured to the Chemical Industries Association's recommended dimensions of 922 mm high and *572 mm diameter*.

L-ring drums are so-called because they can be rolled on the chimes which are moulded as L-shaped sections. They can also be rolled horizontally and lifted by most types of drum handling equipment.

An order has been placed with Mauser KG of West Germany for a blow moulding machine to produce the drums under licence.

APPOINTMENTS

Insurance Manager

c. £10,000 p.a. tax free – plus **Middle East**

Our client is a fast growing independent company based in a congenial part of the Gulf Peninsula and providing a full broking and issuing service in both marine and non-marine business to important commercial, industrial and government clients. The company has underwriting facilities and technical support from a substantial UK group.

The manager will be completely responsible for the day-to-day running of the company, maintaining existing clients and developing profitable new business from a well established foundation.

The need is for a proven manager, who has gained a professional qualification and at least ten years experience in insurance companies/broking and possessing a sound knowledge of underwriting, surveying and claims settlements in all classes of insurance. Experience in the Middle East would be a distinct advantage.

A starting salary of around £10,000 p.a. tax free will be negotiated and there will be an excellent package of other expatriate benefits.

Please write, in confidence, giving full but concise details of age, qualifications, career history and salary progression to date, stating the names of any organisation to whom your letter should not be sent.

T G West, Managing Director (Ref: 453)

Whites

Whites Recruitment Limited 72 Fleet Street, London EC4Y 1JS
Offices: Bristol, Glasgow, Leeds, London, Manchester and Wolverhampton.

ACCOUNTANT
BERMUDA

REF. 40934

Major Insurance Group requires a Chatered Accountant for their Bermuda office. Excellent conditions of service Age group 27/35 years.

SALARY $19,000 PER ANNUM

Please telephone in confidence

TREVOR JAMES
I.P.S. GROUP
(Employment Consultants)
01-481 8111

MONEY BROKERS
Sterling/Foreign Exchange

A few of our current assignments are listed below. Candidates for these vacancies should have at least two years' dealing experience in banking or broking:

LOCAL AUTHORITIES DEALER to £15,000
£ INTERBANK BROKER c. £10,000-£12,000
SPOT/FOREX BROKERS for Middle East and Luxembourg postings

Please contact:
BRIAN GOOCH or SOPHIE CLEGG
01-623 1266
JONATHAN WREN
BANKING APPOINTMENTS

International Managing Director

Tyzack and Partners, who have been retained as advisers, invite nominations and applications for an appointment as chief executive to direct a major sector of a highly successful London based, international group. The company manufactures and markets a wide range of quality consumer durables and consumables. Group turnover approaches £300 million.

- THIS CRUCIAL APPOINTMENT demands an outstanding record of profitable achievement in the management and development of large scale manufacturing and marketing operations in the consumer sector of industry.
- THOSE who are equipped to undertake this appointment will already be earning a high five figure salary. Terms will be designed to suit personal circumstances.

Those who might wish to submit a nomination, or to whom the appointment is of interest, are invited to write in complete confidence to K. R. C. Slater at

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET • LONDON W1N 6DJ

Chairman
Continental North Atlantic Westbound Freight Conference

The Conference
- Consists of seven member lines.
- Operates container ships from ports in northern Europe to the north-east coast of America.

The Post
- The candidate will report to the Executive Committee.
- In this challenging job he she will be expected:—
  - — to chair the Conference meetings and implement their decisions
  - — to keep close contact with the shippers and shippers' counsels etc.
  - — to represent the Conference with the press and carry out general public relations work
  - — to administer the secretariat.

The Candidate
- Will be between 42 and 55 years of age.
- May be of any European nationality, but must speak fluent English. French and/or German would be an asset.
- Should have liner shipping experience with knowledge of the US trade and shipping laws.
- Must be self-motivated and able to work independently.
- Must be able to communicate orally and in writing.
- Must, above all, be a person of authority.

Terms of Employment
- Negotiable around £25,000.
- Location: preferably London, but other places will be considered.

Please reply enclosing a curriculum vitae, which will be treated in the strictest confidence, and quoting reference 13.174A, to: M I Webb-Bowen, Managing Director ORES INTERNATIONAL LIMITED 35-39 Maddox Street, London W1R 9LD Telephone: 01-629 4953

ORES

COMPANY NOTICES

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

DIVIDEND NO. 100 ON PREFERRED STOCK

Dividend No. 100 of three per cent for the six months ending June 30, 1979, has been declared payable on August 3, 1979, to holders of the six per cent cumulative preferred stock who are registered in the books of the Corporation at the close of business on June 29, 1979, and to persons presenting coupon No. 101 detached from stock warrants to bearer. A notice regarding payment of this dividend upon presentation of coupon No. 101 detached from stock warrants to bearer will be published in the Press by the London Secretary of the Corporation on or about June 15, 1979.

The stock transfer registers and registers of stockholders will be closed from June 30, 1979, to July 13, 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about August 2, 1979. Registered stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on July 24, 1979, of the rand value of their dividends (less appropriate taxes). Any such stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries on or before June 15, 1979.

The effective rate of non-resident shareholders' tax is 14.662 per cent.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

By order of the Board
J. T. GOLDFINCH,
Managing Secretary

London Office:
40 Holborn Viaduct
EC1P 1AJ
Head Office:
44 Main Street
Johannesburg 2001
June 8, 1979

aac

COMPAGNIE FRANCAISE DES PETROLES S.A.

Capital Stock of F 1 335 862 750
Head Office: 5 rue Michel-Ange, 75016 Paris
R.C.S. PARIS B 542 051 180

NOTICE FOR SHAREHOLDERS' MEETING

NOTICE IS HEREBY GIVEN to the Shareholders that they are to convene on Friday, June 29, 1979 at the Company's Head Office, 5 rue Michel-Ange, 75016 Paris, for an Ordinary General Meeting at 10.30 am, to discuss the following points on the Agenda:

AGENDA

1) Report of the Board of Directors on operations and Accounts for the year 1978: Auditors' Report.
2) Approval of said Reports, Accounts and Balance Sheet.
3) Income allocation and determination of dividend.
4) Appointment of one Director.
5) Approval of transactions covered by Article 101 of the Law Decree of July 24, 1966.
6) Setting of a redemption price for Class "A" shares until the next Annual General Meeting pursuant to Article II of the Statutes.

All shareholders who own one or more "A" or "B" shares are entitled to attend the Ordinary General Shareholders' Meeting, or be represented therefor by a proxy shareholder or by their spouse.

However, in order to be able to attend this Meeting or be represented therefor, the shareholders who own registered shares should be listed on the Company Registers five full calendar days before the Meeting is to convene. The shareholders who own Bearer share(s) should, within the same timespan, deposit their Share Certificates or Certificates issued by the bank, the financial establishment(s) or broker with whom the said shares are deposited, in one of the following establishments:

BANQUE DE PARIS ET DES PAYS-BAS,
3 rue d'Antin, 75002 Paris
CREDIT DU NORD,
6 and 8 boulevard Haussmann, 75009 Paris

The Annual Report may be obtained together with the proxy statements at the London office of Banque de Paris et des Pays-Bas, 33 Throgmorton Street, London EC2N 2BA.

AFRICAN AND EUROPEAN INVESTMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

PREFERENCE DIVIDEND

Dividend No. 62 of three per cent for the six months ending June 30, 1979, has been declared payable to stockholders of the six per cent cumulative preference stock who are registered in the books of the company at the close of business on June 22, 1979 and to persons presenting coupon No. 63 detached from stock warrants to bearer. A notice regarding payment of dividends on coupon No. 63 detached from stock warrants to bearer will be published in the Press by the London secretaries of the company on or about June 15, 1979.

The preference stock transfer registers and registers of stockholders will be closed from June 23, 1979 to July 6, 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about August 15, 1979. Registered preference stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on August 7, 1979, of the rand value of their dividends (less appropriate taxes). Any such preference stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries on or before June 22, 1979.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and at the offices of the company's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent, TN24 8EQ, England

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per W. D. Nicol,
Companies Secretary

Head Office:
44 Main Street,
JOHANNESBURG.
2001.
June 7, 1979.

UNION DES BANQUES ARABES ET FRANCAISES U.B.A.F.

Loan of US$ 25,000,000 1976/81 Floating Rates

Bondholders of this loan are hereby *informed* that the rate applicable for the 6 month interest period ending June 5th, 1979, has been fixed at 10¹⁵⁄₁₆%.

Coupon No. 7 will be payable as from December 5th, 1979, at the price of US$ 55.60 equivalent to a 10¹⁵⁄₁₆% interest on US$ 1,000 worked on the basis of 183/360th.

THE FISCAL AGENT,
Crédit Lyonnais,
Luxembourg.

Ford

BEARER DEPOSITARY RECEIPTS

Following the DIVIDEND DECLARATION by the Company on 12 April 1979 NOTICE is now given that the following DISTRIBUTION will become payable to Authorised Depositaries on or after 12 June 1979 against presentation to the Depositary (as below) of Claim Forms (obtainable from the Depositary) listing Bearer Depositary Receipts.

Gross Distribution per Unit		5.00 Cents
Less 15% US Withholding Tax		0.75 Cents
		4.25 Cents per Unit
Converted at $2.095	=	£0.02028639

DEPOSITARY
National Westminster Bank Limited
Stock Office Services
5th Floor, Drapers Gardens
12 Throgmorton Avenue
London EC2P 2ES
5th June 1979

PERSONAL

IN BEREAVEMENT—Send your tribute, in a form that never fades with a donation to help old people in need. HELP THE AGED, Room 15, 32, Dover Street, London W1E 7JZ.

EXHIBITIONS

GROSVENOR HOUSE ANTIQUES FAIR, Park Lane, W.1. 13 June, 5.00 p.m. to 10.00 p.m. 14-23 June, 11 a.m. to 7.30 p.m. Closed Sunday. Admission £3.00 including illustrated handbook.

A FINANCIAL TIMES SURVEY
ACCOUNTANCY
JULY 3 1979

The Financial Times is planning to publish a Survey on Accountancy. The provisional editorial synopsis is set out below.

Introduction: The accountancy profession is nowadays pre-occupied with the questions of standards. These have been issued by the profession for a decade, but increasingly the old order is losing credibility. The Watts Report outlines alternatives to the present system. Is it time the profession gave up the standards-setting role?

Craving for Leadership: Chartered Accountants still talk admiringly about the great leaders of the past. Many say there are no leaders of their calibre at the top of the profession or even in prospect today. Is this because the big firms are turning away from the professional Institute?

Inflation Accounting: The new Morpeth proposals are out and the debate has started again. Will accountants ever agree on an inflation accounting system? Prospects for developing Morpeth Mark II. Will the Government have to intervene again?

Auditing — the Growing Credibility Gap: An accounting academic was heard recently to regret that he had not stayed in the auditing profession. Certainly auditing is widely regarded to be one of the most lucrative franchises in Britain today. But what is the value of a watchdog which rarely barks?

Company Accounting Policies: Some of the less formal accounting policies adopted in company accounts during 1978-79. Currency translation, extraordinary items, inflation accounting adjustments in historic cost accounts are just some of the areas involved.

Accounting Firms—the Big and the Small: Are "big" and "international" no longer quite so attractive? The shape of the UK profession in the eighties.

The Main Accounting Bodies: Where is the Consultative Committee of Accountancy Bodies (CCAB) going? Are the Certifieds, and, to a lesser extent, the Cost and Management Institute, still playing the numbers game with their students?

The Small Firm: With something like 9,000 individual accounting firms in Britain there is clearly a demand for the small firm. What is business like these days? How much does tax work contribute to fee income?

Education:

For further information and details of advertising rates please contact:

Michael Hills
Financial Times
Bracken House, 10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 Ext 588.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

NOTICE OF RATE OF INTEREST

U.S. $100,000,000 Guaranteed Floating Rate Notes Due 1994

Citicorp Overseas Finance Corporation Limited

(Incorporated with limited liability in the British Virgin Islands)

Unconditionally guaranteed by

CITICORP

In accordance with the terms and conditions of the above-mentioned Notes and Agency Agreement dated as of March. 5. 1979 between Citicorp Overseas Finance Corporation Limited, Citicorp and Citibank, N.A., notice is hereby given that the Rate of Interest has been fixed at 10[illegible]% per annum and that the interest payable on the relevant Interest Payment Date, namely September 10, 1979, against Coupon No. 2 in respect of U.S. $1,000 nominal of the Notes will be US $27.91.

June 8, 1979
By: Citibank, N.A., London, Agent Bank

CITIBANK

GENERAL MINING AND FINANCE CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND NO. 52 ON THE 6 PER CENT CUMULATIVE PREFERENCE SHARES OF R2 EACH

NOTICE IS HEREBY GIVEN that dividend No. 52 of 3 per cent, equivalent to 6 cents per share, for the half-year ending 30 June, 1979, has been declared payable to holders of 6 per cent cumulative preference shares of R2 each, registered in the books of the company at the close of business on 22 June, 1979.

The register of preference shareholders will be closed from 23 June to 29 June, 1979, both days inclusive.

No instructions involving a change of the office of payment will be accepted after 22 June 1979.

The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 9 July, 1979, or on the first day thereafter on which a rate of exchange is obtainable.

Non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa. Dividend cheques will be posted on or about 19 July, 1979.

The full conditions of payment may be inspected at or obtained from the head office or the offices of the transfer secretaries of the company.

By Order of the Board.
L. W. HUMPHRIES,
London Secretary.

Registered Office:
6 Hollard Street,
Johannesburg 2001.
(P.O. Box 61820,
Marshalltown, 2107)
London Office:
Princes House,
95 Gresham Street,
London, EC2V 7EN
Transfer Secretaries:
South Africa
Union Corporation Limited,
74-78 Marshall Street,
Johannesburg 2001
(P.O. Box 61357, Marshalltown 2107).
United Kingdom
Charter Consolidated Limited,
P.O. Box 102, Charter House
Park Street, Ashford, Kent. TN24 8EQ.
7 June, 1979

ARNOTT & CO. DUBLIN LIMITED

NOTICE TO ALL STOCKHOLDERS

DIVIDENDS

In view of the continued postal dispute it has been decided to postpone the Annual General Meeting to a later date. *To prevent hardship to stockholders* the board has decided to pay a second interim dividend of 7.0p per IR£1 ordinary stock unit in lieu of the recommended final dividend of the same amount for the year ended January 13th 1979.

UK stockholders and other stockholders who have mandated their dividends will be paid the usual way. Exceptionally this year dividend mandates to banks or savings banks will be accepted at the registrar's office 12 Henry Street, Dublin 1, or at the Midland Bank Ltd 133 Regent Street, London, W.1. up to 12 noon on June 27th.

Stockholders in the Republic of Ireland may collect their dividend/interest warrants after June 30th 1979 during normal office hours at the registrar's office. Dividends not collected will be posted to stockholders when normal postal services resume.

VALUATION OF PROPERTIES

Leasehold and freehold premises of the group were revalued as at January 13th 1979 and showed a surplus on 1978 books value of IR£5,713,000. Copies of the 1979 Annual Reports may be had from the secretary when normal postal services resume.

J. C. O'SULLIVAN,
Secretary.

12 Henry Street,
Dublin 1.
June 6th 1979.

EAST RAND GOLD AND URANIUM COMPANY LIMITED

(Incorporated in the Republic of South Africa)

CLOSING OF REGISTERS

For the purposes of the annual general meeting of East Rand Gold and Uranium Company Limited to be held at 44, Main Street, Johannesburg, on Friday, July 20, 1979, at 10h00 the transfer registers and registers of members of the company will be closed from July 14 to July 20, 1979, both days inclusive.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per R. V. C. Asherwood,
Companies Secretary.

Registered Office:
44 Main Street,
Johannesburg 2001.

U.K. Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House, Park Street,
Ashford, Kent TN24 8EQ

June 7, 1979.

COMPANY NOTICES

NCHANGA CONSOLIDATED COPPER MINES LIMITED

(Incorporated in the Republic of Zambia)

NOTICE TO HOLDERS OF 5½ PER CENT AND 5 PER CENT REDEEMABLE CUMULATIVE PREFERENCE SHARES
Preference Dividend No. 19 for six months ending 30th June, 1979

The directors of Nchanga Consolidated Copper Mines Limited announce the declaration of a dividend on the 5½ per cent and 5 per cent redeemable cumulative preference shares in respect of the six months period ending 30th June, 1979 at the rate of 5½ per cent per annum and 5 per cent per annum, respectively, less Zambian withholding tax at the rate of 20 per cent, equivalent to a net dividend of 4.4 per cent per annum and 4 per cent per annum, respectively. The dividend is payable to preference shareholders registered in the books of the company at the close of business on Monday, 18th June 1979.

The transfer registers will be closed from 19th to 29th June, 1979, both dates inclusive, and dividend warrants will *be posted on or about Friday, 29th June, 1979.*

In the case of dividends payable by the U.K. paying agents to preference shareholders whose registered addresses are in the United Kingdom or to preference shareholders who have mandated payment to addresses in the United Kingdom, there will be deducted United Kingdom Income Tax at the basic rate reduced, for double taxation relief purposes, by the allowable rate of Zambian withholding tax (at present 15 per cent), except where authority has been received from the Inspector of Foreign Dividends not to deduct United Kingdom tax. In all other cases no United Kingdom tax will be deducted.

The payment of preference dividends is subject to the Zambian exchange control regulations. The terms of the present regulations are such that the remission of dividends is permitted only at the end of the financial year of the Zambian companies declaring such dividends and is subject to the amount being remitted not exceeding 50 per cent of the proportion of the profit attributable to the external shareholders after tax or 15 per cent of the capital of the company attributable to those shareholders, whichever is the lesser.

The company's last financial year ended on 31st March, 1979, and application will soon be made to the exchange control authorities for permission to remit to shareholders resident outside Zambia preference dividends nos. 18 and 19 in respect of the six months period ending 31st December, 1978 and 30th June, 1979, respectively.

By Order of the Board
M SHANDAVU
Company Secretary

74 Independence Avenue,
Lusaka, Zambia.
7th June, 1979.

SOLVAY & CIE
Société Anonyme

Registered Office: 33, rue du Prince Albert, *Ixelles (Brussels)*
Commercial Register Brussels No. 5554

Shareholders are invited to attend the Ordinary General Meeting which will be held on Monday 25th June, 1979, at 10 a.m. at the Head Office.

AGENDA

1—Reports of the Board of Directors, the College of Commissaires and the Commissaires-Reviseurs on the operations of the financial year 1978

2—Approval of the Balance Sheet at 31st December 1978 and the Income Statement for the financial year 1978 —Appropriation of the profits and determination of the dividend.

3—Ratification of the acts of the Directors and Commissaires during the above-mentioned financial year.

4—Board of Directors
a) Increase in the number of Directors from fourteen to fifteen
b) Appointment of a further Director in pursuance of this resolution.
(c) Appointment of two Directors in the place of M. Yves Boel and M. Albert Rampelberg, retiring and re-eligible.

5—College of Commissaires:
(a) Appointment of two Commissaires in the place of Baron Jose del Marmol and M. Claude Boonen, retiring and re-eligible—Determination of the emoluments of these Commissaires.
b) Appointment of a Commissaire-Reviseur in the place of M. Pierre van Mook, retiring and re-eligible—Determination of the emoluments of this Commissaire-Reviseur.

6—Miscellaneous.

The Board of Directors wish to remind shareholders that their attendance at the meeting is subject, if they are holders of bearer shares, to the latter being temporarily lodged and blocked not later than Tuesday, 19th June 1979 at the Head Office or with any of the following establishments:

—In Belgium
Société Générale de Banque
Banque Bruxelles Lambert
Kredietbank
—In Germany:
Deutsche Bank
—In France:
Lazard Frères & Cie.
Banque de la Mutuelle Industrielle
—In Italy:
[illegible]
—In the Grand Duchy of Luxembourg.
Banque Générale du Luxembourg
—In the Netherlands:
Algemene Bank Nederland
—In the United Kingdom:
J. Henry Schroder Wagg & Co. Ltd.
Banque Belge Ltd.
—In Switzerland:
Crédit Suisse.

The above-mentioned foreign banks have the option to appoint other establishments in their respective countries where Solvay shares may also be lodged in conformity with this requirement. The list of these establishments will be published in due course in each country.

On the other hand, if the shares are personal, the shareholders ought to inform the Company in writing not later than Tuesday, 19th June, 1979, of their intention to attend the meeting indicating also the number of shares held.

According to Article 39 of the Articles of Association, proxies should arrive at the Head Office not later than Tuesday, 19th June, 1979.

The debenture holders who would wish to attend the meeting are asked to observe the same formalities as those prescribed to the shareholders (Art. 37 of the Articles of Association).

The Board of Directors
IXELLES-BRUSSELS.

31st May, 1979.

ANGLO AMERICAN INVESTMENT TRUST LIMITED

(Incorporated in the Republic of South Africa)

PREFERENCE DIVIDEND

Dividend No. 49 of three per cent for the six months ending June 30 1979 has been declared payable to holders of the six per cent cumulative preference shares who are registered in the books of the company at the close of business on June 22 1979.

The preference share transfer registers and registers of members will be closed from June 23 1979 to July 6 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about August 16 1979. Registered preference shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on August 7 1979 of the rand value of their dividends (less appropriate taxes). Any such preference shareholders may, however, elect to be paid in South African currency provided that any such request is received at the offices of the company's transfer secretaries on or before June 22 1979.

The effective rate of non-resident shareholders' tax is 14.9204 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries Consolidated Share Registrars Limited 62, Marshall Street, Johannesburg 2001 and Charter Consolidated Limited, Charter House, Park Street, Ashford Kent TN24 8EQ.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per H. J. E. Stanley
Companies Secretary

Head Office:
44, Main Street,
Johannesburg
2001.
June 8, 1979.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1967

BALDWIN ELECTRICAL CONTRACTORS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at 3/4 Bentinck Street, London W1A 3BA, on Tuesday, the 19th day of June 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 31st day of May, 1979.
By Order of the Board,
C. E. STONE, Director.

THE COMPANIES ACTS 1948 TO 1967

DAVID BROCKDORFF LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., situated at *3/4 Bentinck Street,* London W1A 3BA on Friday, the 15th day of June 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 30th day of May 1979.
By Order of the Board.
D BROCKDORFF, Director.

THE PROPERTY MARKET BY MICHAEL CASSELL

'New Dukes' take more land

THE PURCHASE by the Prudential of Sir Charles Clore's Guys Estate in Herefordshire for a sum thought to be in excess of £20m, making it possibly the largest agricultural investment to have ever changed hands in the UK, highlights the growing role played by farms in the make-up of institutional property portfolios.

The deal, kept a well-guarded secret for about a year and which might have aroused the interest of half a dozen other institutions had they known the estate was available, included nearly 17,000 acres of agricultural land. The Pru moves in at the end of September.

There was a time not so long ago when investment in agricultural land was largely confined to the likes of the Church, the Charity Commissioners and Crown Estates, but in the last decade institutional interest has blossomed as the quest for well-spread portfolios has intensified.

Now, names like the National Coal Board Pension Fund, British Rail Pension Fund, Abbey Life (recently a big purchaser) and the Pension Fund Property Unit Trust (with a quarter of its £200m-plus portfolio in farmland) are just as likely to be active in the agricultural market. With major increases recorded in the value of agricultural land over the past two years, the farm content of most portfolios has performed very well.

But more significantly, according to people like Mr. Peter Caroe of Knight Frank & Rutley, one of the men behind the Clore deal, the potential value of UK farmland is immense. He points out that the prospects of a further, inevitable devaluation by Britain of the Green Pound, with the clear implication that it will improve the lot of the farmer and ultimately work through to affect the price of his basic commodity, can only enhance the attractions of agricultural land as an investment opportunity.

Green pound

Mr. Caroe claims that in Ireland, where Green Pound devaluation has been more substantial, average land prices have now risen to between £3,000 and £3,500 an acre while in England they stand at around £2,000 an acre for vacant land. In countries like Germany, Denmark and Holland, average prices per acre are running at anything from £4,000 to £5,500.

He does concede, howeved, that although the British farmer is among the most automated anywhere in the world, crop yield per acre is not the best, "largely because we still like our hedges and trees."

The institution, usually only interested in let land, has to look at agricultural investment in a different way. As Mr. Eric Chapman, chief surveyor to the Pru, said recently: "Compared with the current 13 per cent on long-term gilts, the initial yield of perhaps 3 per cent on let farms is extremely low. But we believe the initial deficit will be more than overcome, over the long period, by steady increases in the reasonable rents we can agree at the three-year reviews.

"I emphasise reasonable rents. The company does not wish to fix an excessive rent at the review only to find that genuine growth in rental value has merely been anticipated. We look for a secure and steady growing income over 50 to 100 years or more."

The (non-crop) yield picture has fluctuated significantly in recent years. In 1972-73 initial returns of 2 per cent or 3 per cent were accepted, rising to 4 per cent or 5 per cent in 1974-76 and now back down to around 2½-3 per cent.

According to Mr. Caroe: "The day will come when institutions are again buying at one per cent because their portfolio is out of balance and at a time when interest rates are a lot lower, when it is difficult to achieve higher rents elsewhere and when the general economy looks fairly sound."

At present, the vacant land market is very buoyant, with a lot more acreage on offer than a year ago but with demand outstripping supply. Prices are running at up to £2,200 an acre against £1,000 to £1,200 an acre two years ago.

The market for let land is much narrower, with the flood of investment opportunities originally created by sale and leaseback deals involving owners facing massive Capital Transfer Tax liabilities and starved of capital for fixed assets, now down to a more modest flow. Such deals are, however, still done, although with yields running at present levels the institutions—often the only people in a position to buy—are reluctant to do so.

Any forthcoming reductions in CTT would clearly reduce the sale and leaseback deals, a development likely to be welcomed by those who believe that, before long, British farms could all end up in the hands of the institutions or foreign investors.

In reality, that situation is still a long way off, as the impending Northfield report on the penetration and influence of those relative newcomers—"the new Dukes"—should show.

● Kingsgate House, the new Romulus Construction office complex in King's Road, Chelsea, has been fully let and sold to Sun Life Assurance for £4.3m, showing a yield marginally above 6 per cent. Penguin Books, a member of Pearson Longman International, has paid a rent close to the asking figure of £280,000. Jones Lang Wootton arranged the letting and the sale. Rogers Chapman advised Penguin and Bell Ingram represented Sun Life.

IN BRIEF

● The GLC has sold a 99-year lease on a 6.9 acre site in Hounslow to developers Second London Wall for a price reported to be well in excess of £300,000 an acre. The site on Hampton Road West is to be developed with a wide range of industrial units "to meet strong leasing demand in the Heathrow area." Bernard Thorpe acted for Second London Wall.

● Wyndham Investment, the property holding company of Allied Breweries Pension Funds, has bought Essex House, Southend for £3m. Developed recently by Soton Investments, a Keyser Ullmann subsidiary, and pre-let to the Joint Credit Card Company (better known as Access) for 35 years, the initial £165,000 annual rent equates to a yield of just over 5 per cent.

● Confirmation this week that Horizon, the tour operator, has taken 82,000 sq ft of MEPC's Broadway office development in Edgbaston at an asking rent of £2.25 a sq ft.

At the same time a further 10,580 sq ft has also been let to W. G. Cannings and M & T Chemicals. MEPC says that only 11,400 sq ft remains available in the 162,000 sq ft building.

The asking rent for this is to be raised to around £3 a sq ft—further indication of the recovery taking place in the Edgbaston office market.

Agents for Broadway are Grimley and Son, Haylock Inchley and Edsall and Edward Erdman.

Call to the institutions

THE INSTITUTIONS should consider whether their investment criteria are too rigid when it comes to the financing of small unit industrial estates.

That, at least, is the view of Mr. Harold Crouch, a partner with Hillier, Parker, May and Rowden, who believes there is plenty of scope for good investment in this type of property, if only the pension funds and other financial institutions now searching for a place to put their money would rethink some long-held though not necessarily appropriate attitudes.

Mr. Crouch says that many small companies—now more than ever recognised as an important element in the nation's economic well-being—need a lot of help in obtaining suitable premises but that the institutions often fail to assist with the provision of badly-needed space, even if a financial appraisal shows a particular scheme to be viable.

'Not keen'

The institutions, claims Mr. Crouch, are not keen on true industrial premises—most investment properties in the sector involve warehousing or light industry—and demand is usually restricted to properties with a capital value of between £250,000 and £5m.

Investors, he adds, like estates close to motorways, prefer major cities and are only interested in estates with a limited number of units and a minimum area of 3,000 square feet each. Emphasis is on quality of covenant, ease of management and prospects for rental growth.

In addition, they take a critical view of the standard of specification and have a strong preference for freehold property or leases of between 99 years and 125 years.

The trouble is, according to Mr. Crouch, that often nursery estates simply do not meet many of these requirements and that potential investors often exaggerate the problems involved in managing such developments.

Prospective purchasers also want a more attractive return on capital. Assuming that a development is completed and let, a first-class standard estate might command a yield of between 6¼ per cent and 7½ per cent compared with 8-9 per cent for a new nursery development.

Mr. Crouch, who was helped in his research by Peter Sellers of Leicester agents Allcock Sellers, Gordon Smith and Andrew Twelves of Eadon, Lockwood and Riddle, points out that the general availability of full finance for traditional industrial-warehouse developments, sometimes even on a speculative basis, only accentuates the difficulties of investment in nursery units, which are rarely pre-let. If an investor can be found to provide finance, he will require a further improvement in yield to reflect the risks taken.

The problems of small unit development can sometimes be mitigated by partnership schemes with local authorities or new town corporations, with the authority taking an overriding leaseback of the entire development and being responsible for management and lettings.

Although this type of arrangement can increase the marketability of the estate to investors, there may be a conflict of interest between authority and investor; while the authority's prime concern may be in making space available for new or expanding companies, the investor wants the best rents at all times.

Clauses can be inserted in the leaseback to try to deal with the problem, but the partnership can be an uneasy one. So although the dearth of good property investment opportunities may have stimulated some interest in the nursery estate, they look set to command limited interest among investors — whatever their strategic importance in terms of the national economy.

● Fluor (Great Britain) the new tenants at Euston Square, has disposed of 170,000 sq ft of office space in six buildings which previously housed its London operations. Only the second floor of Blackfriars House, New Bridge Street, E.C.4, remains to be let—the asking rent is £11 a sq ft. White Druce and Brown acted for Fluor.

APPOINTMENTS

K. G. Corfield is chairman of STC

Mr. Kenneth Corfield

Mr. Kenneth G. Corfield has been appointed chairman of STANDARD TELEPHONES AND CABLES and continues as managing director. Mr. J. V. Lester, Mr. S. B. Marsh, Mr. E. S. Newman, Mr. J. E. Samson and Mr. K. M. Walton have joined the Board following the election of Lord Caccia and Lord Glendevon to the Board of ITT (United Kingdom).

★

Mr. N. E. H. Wade has been elected chairman of the ELECTRIC VEHICLE ASSOCIATION OF GREAT BRITAIN. Dr. B. D. Edwards and Mr. I. W. Stevenson become vice-chairman. Lord Ironside has been re-elected president.

★

Mr. Malcolm Hoppé has been appointed deputy director (editorial) for AIMS, the Free Enterprise Organisation. He succeeds Mr. Reginald Dunstan, who has retired.

★

Mr. Michael L. Hepher has ben appointed deputy managing director and director, operations support of ABBEY LIFE ASSURANCE COMPANY.

★

Mr. L. R. Mann is to become chairman and managing director of VICTOR PRODUCTS (WALLSEND) on July 1. He joined the company in 1955 and has been managing director since 1964.

★

Mr. John James Naylor, director of engineering at NEEPSEND has retired from the board.

★

Mr. C. I. Luckhoo has been appointed secretary of the NATIONAL ASSOCIATION OF PENSION FUNDS in succession to Mr. J. D. Cran. Mr. B. W. Lofthouse has become deputy secretary of the National Association of Pension Funds as well as being secretary of the investment protection committee.

★

Mr. Christopher Jenkin and Mr. John Shepherd have been appointed directors of P. S. MOSSE & PARTNERS.

★

Mr. Ian Norrington has joined the international department of GRIEVESON GRANT AND COMPANY, stockbrokers, with responsibility for marketing mining shares to institutional clients.

★

Dr. David R. Lockhart, chairman of FOOD INDUSTRIES will be promoted to chairman of its Urachem division. He will be succeeded at Food Industries by Dr. J. L. W. Anderson, at present in charge of Unilevers salmon farming operation in Scotland. Dr. S. M. A. Lecchini will be appointed vice-chairman.

★

Mr. Kevin Kalkhoven has been elected group vice-president of sales and marketing for COMSHARE INC.

★

Vice-Admiral C. Rusby is to be deputy supreme allied commander Atlantic in succession to Vice-Admiral D. A. Loram in January 1980 at Norfolk, Virginia, U.S.

★

Mr. John R. Hitch has been appointed managing director of PLESSEY HYDRAULICS and takes up his responsibilities from Mr. Leo Curran, who is leaving the company to become a full-time member of the Board of British Shipbuilders. Dr. Melvyn Larkin is to join the Plessey Company in the new staff position of director of technology and strategic planning (Components) from July 1. He was with Motorola.

★

Following the acquisition by Rockwell International Holdings of more than 90 per cent of the issued share capital of WILMOT BREEDEN (HOLDINGS), Mr. R. D. Walker, Mr. R. W. Foxen and Mr. T. J. Connaughton have joined the Board of Wilmot Breeden. Mr. Walker is senior vice-president, and president automotive operations, Rockwell International Corporation. Mr. Foxen is vice-president strategic management, Rockwell International Corporation. Mr. Connaughton is president automotive components group, Rockwell International Corporation. Mr. David Breeden will continue as chairman and Mr. Miles Breeden has been appointed vice-chairman.

★

Mr. Yasha Beresiner has been appointed a director of STANLEY GIBBONS MAPSELLERS.

BANK RETURN

	Wednesday June 6 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14 553 000	—
Public Deposits	24 829,864	— 1,669,779
Special Deposits	719,450,000	—
Bankers Deposits	390 724,439	— 182,554,917
Reserves & other Accounts	670,357,353	+ 110,851,297
	1,819,894,656	— 73 223 399
ASSETS		
Government Securities	1,437,068,230	— 65,150,000
Advances & Other Accounts	159,984,744	— 2,168,641
Premises Equipment & Other Secs.	216,684,012	+ 47,680
Notes	5,975,452	— 5,963,043
Coin	190 218	— 9,596
	1,819,894,656	— 73,223,399
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	9,225,000,000	— 150,000,000
In Circulation	9,221,026,548	— 144,036,957
In Banking Department	5,975,452	— 5,963,043
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,984,366,598	— 133,252,790
Other Securities	1,229,618,302	— 16,747,210
	9,225,000,000	— 150,000,000

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Call for a national pay forum

ROY CLOSE, director-general of the British Institute of Management, this week made an impassioned call for a national pay forum to determine what the nation can afford to pay itself during the wage round.

He wants employers, unions, Government, and of course, managers to make an economic assessment at the outset of a new pay round, and by this method establish the parameters of bargaining in the succeeding 12 months.

"The setting up of this forum is the essential first step for the pay round beginning after July; we would hope that it could provide an informed and objective background against which individual claims could be negotiated and settled in a less restrictive but more constructive atmosphere in which public understanding would also play its part," he said. He thought it would be a brave new experiment in encouraging responsibility with freedom.

Praise

Close had a small dollop of praise for the Clegg commission on pay comparability, as well as some advice. It was, he said, a step in the right direction, but was only comparing the private and public sector. There was a whole backlog of problems which had built up over the recent phases of pay policy. "We must have some mechanism for looking at anomalies and changes in relativities and differentials," he said.

Close warned that the present task of the Clegg Commission was not a simple matter and that it must attempt to compare a number of things that are not easy to quantify. He said the BIM wanted the commission to take into account pension differences, differences in job security, productivity, and labour market conditions. He also warned that there were dangers in automatic pay indexing. There was a need for flexibility and incentive, he said.

Roy Close warned that it would be "suicidal" simply to indulge in an unconstrained orgy of free-for-all bargaining which would send the recently hard won reduction in the cost of living soaring through the roof again.

Some of the forces looking forward to a free-for-all are beginning to take up position, "because they know that as the strongest they will win," he said.

JASON CRISP

Hazel Duffy explains why the example of its customers pushed a major U.S. farm machinery company into industrial equipment

How Deere found success beyond the farm gate

A FASCINATING battle is being waged among the top industrial equipment companies to become the established number two worldwide to Caterpillar's seemingly impregnable leadership. The John Deere company, probably the most successful agricultural equipment manufacturer in the world, is a relative newcomer to this field. But in the past couple of years, it has put on a spurt which has put it among the top four manufacturers in the U.S., while its overseas expansion plans make it a front-rank contender for the number two spot worldwide within the next few years.

Market position in this industry is evaluated in a less sophisticated way than in the automotive industry, but is fought for equally fervently. In certain products — small crawlers and forestry equipment—Deere has established market leadership in the U.S., while in graders and medium-size crawlers, it claims to be second. In overall sales terms, Deere's industrial equipment division is aiming to be the clear number two in the U.S. this year, and on the basis of sales forecast to top \$1bn, to be number four worldwide.

Enviable

The level of sales is all-important in this business, and is the reason why North American-based companies are pushing hard to create a share for themselves in markets outside the continent. When a company moves into volume production it begins to see the results of its development efforts. This was well demonstrated at Deere last year, when sales increased by 28 per cent in construction equipment, and profit by 87 per cent—the result largely of certain products going into volume production for the first time.

John Deere's industrial equipment division was born with certain distinct advantages. The company has an enviable 140-year pedigree in farm equipment, which has some commonality of parts with the much newer industrial equipment business. Furthermore, this was a company which had not got mixed up in other diversifications, so the new division was able to command its parent's undivided attention.

For all that, the company has to admit reluctantly that it was not a planned birth. It found that some of its customers were using farm equipment for industrial-type jobs, and decided to explore the market further. This was some 20 years ago, and the division's growth was steady, if unspectacular, into the early 1970s. Five years ago, plans were unveiled for a number of new products which would broaden the range and bring Deere into competition with several well-established producers in smaller and medium-sized equipment. The last of those products—a large crawler dozer, a crawler loader, a four-wheel-drive loader, and an excavator — go into volume production this year.

The considered wisdom in this industry is that the number of manufacturers will decline substantially over the next decade, and that the survivors will be those companies that can offer a full range of equipment—with some specialised producers probably still finding themselves a niche. Deere anticipated this direction of the industry by its decision to broaden its product range—as it had already done successfully with farm equipment.

Deere also made another significant decision, which on reflection has been to its benefit, that it would engineer its own products and establish its own distributorships rather than buying into ready-made products and markets by acquiring an existing company. In this way, it chose the more expensive and laborious method, but also avoided the problems which several companies expanding through acquisition have encountered.

Designing new products, and bringing them on to the market, is an expensive business in industrial equipment. Mr. Robert Gerstenberger, senior vice-president of product development, estimates it takes between three and five years, and costs \$10-35m. Mr. Cliff Peterson, the senior financial vice-president, looks at the overall cost in terms of sales revenue; the division has been spending at the rate of around 7 per cent of sales on development for the past 10 years, as well as spending heavily on capital plant and equipment. This rate of spending will continue for another five years, by which time the company will have built up its product range to an acceptable level. The programme includes bringing out larger versions of its present products as well as updating some of its earlier products.

Bombard

Product engineering is where it all starts, and much of Deere's success in rapidly building up market share has been because it has the right products. Like the automotive industry, industrial equipment manufacturers bombard their potential customers with all sorts of claims about technological innovation, and it can sometimes be difficult to sort out the real advances. But in some products and component applications — the articulated motor grader, and the automatic hydrostatic drive systems installed in crawlers, for example —Deere can claim that it has been an innovator, while the very acceptability of its other products suggests that they must be at least as good as their competitors.

Much of the confidence that this could be achieved entirely by its own efforts can be attributed to Deere's position in agricultural machinery, plus the fact that this very successful mainstream activity provided the parent company with the cash to get industrial equipment launched in the first place.

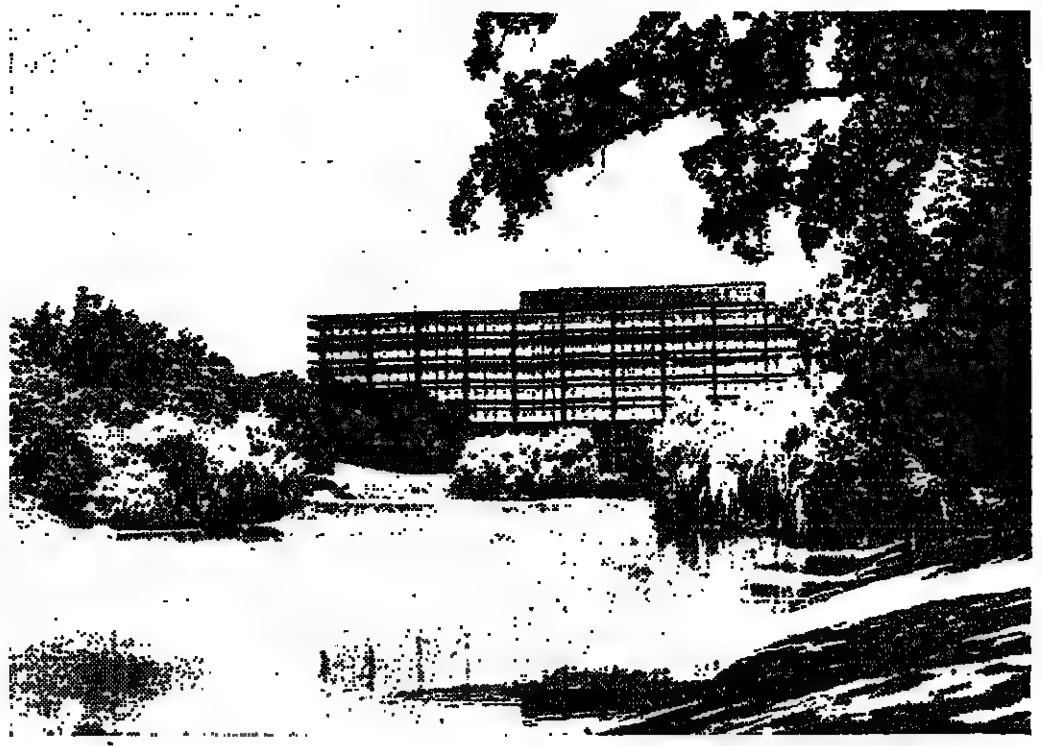
The Deere group has its roots literally in the American soil. A blacksmith by the name of John Deere forged the first successful steel plough for the prairie soil back in 1837, on a farm near Grand Detour, Illinois. Ten years later, he moved the business to Moline, Illinois, to take advantage of the transport facilities offered by the Mississippi, and it is there that the group still has its headquarters. The family connection has been maintained in management until now: the present chairman, William Hewitt, married a descendant of Deere. The connection, however, will almost certainly disappear when Mr. Hewitt retires.

His emphasis on architectural excellence will remain a legacy of which the company can be justly proud. Its tastefully-designed administrative centre in Moline, is a refreshing departure from the natural run of smaller mid-Western towns. Designed by Eero Saarinen, it has won numerous awards. Complete with Henry Moore sculpture, and a sophisticated art collection, it imposes a standard that the company aims to extend both to its products, and to the other offices and factories in the group.

As well as ensuring that their physical surroundings are as attractive as possible, John Deere also employs some good old-fashioned American beliefs in relation to its workforce.

Employees are told: "We believe that each employee would like to feel that his work is important, that he is on a good team, that he can take pride in his place and in his accomplishments, and that he can work out his career with satisfaction." It might grate on more cynical ears, but it is an approach that seems to have tangible rewards. A labour turnover of just 1.6 per cent annually at the industrial equipment factory in Dubuque, Iowa, must be the envy of many an engineering company which is short of skilled labour.

John Deere's first customers were the farmers on his doorstep. Farm equipment now accounts for sales well in excess of \$3bn, and is still the mainstay of the group. But industrial equipment is seen as the area which has the potential for more rapid growth—a promise which has been confirmed by 20 per cent annual sales growth in recent years.



Far removed from the heat and dust associated with its industrial equipment, the sylvan setting of Deere and company's award-winning centre in rural Illinois.

The U.S. is the single biggest market for industrial equipment, and has enjoyed a much more buoyant economy since 1974 than Europe. Most of Deere's growth has come naturally from the U.S., but a lot of effort is being put into developing sales overseas. Nearly two-thirds of demand is outside North America, with the Far East accounting for the next biggest slice, while Europe is responsible for about 20 per cent.

With the American economy expected to slow down later this year, Deere's growth targets will depend substantially on its success outside North America. It aims to expand by 20 per cent annually overseas for the next five years.

Figures for the first half of 1978-79 indicate there could be problems in achieving this target. While sales and profit were up by 19 per cent and 27 per cent respectively in the group as a whole, the volume of overseas sales virtually declined. But Deere doesn't identify its overseas sales split between farm and industrial equipment.

The key factor in determining Deere's success will be the effectiveness of the independent distributor network which is being built up, and in turn governs the degree of product support (spares, servicing, etc.) that Deere is able to offer its customers. "Product support is what has brought Caterpillar to where it is," says a senior Deere director, "and we are working in the same direction."

He admits that Deere still has a long way to go in catching up overseas with other established multi-nationals in industrial equipment. In Europe, for example, it will require "a more aggressive approach than we have had to date," and probably some adaptation of its range of equipment to suit the European demand more exactly. In spite of the fact that Europe is seen as a mature market, it is, like the U.S., of such a size that major companies cannot afford to ignore it. Deere expects also to benefit from the coming shake-out among manufacturers in Europe, as it has done already from the contraction in tractor manufacturers over 20 years.

So far, Deere has rejected the overtures of companies like Ford and British Leyland which have put their industrial equipment subsidiaries in Europe up for sale. It remains to be seen, however, whether the company will be tempted into taking a short cut in Europe by making an acquisition.

Several years ago Deere reached an advanced stage in negotiations for merging with the construction equipment interests of Fiat, which would have given it the stake in Europe which it is now trying to build up. Agreement could not be reached, however, and Fiat merged with the construction equipment division of Allis-Chalmers.

The setting up of overseas distributorships has made a big dent in the profitability of Deere's industrial equipment division. Out of a profit of \$86m last year, the overseas contribution was marginal. Peterson says the company is aiming at net profit margins on industrial equipment of between 7 and 8 per cent over the next decade, but agrees "we shall make it in the U.S. first."

Deere is not a company that has plunged head first into international markets. Although a well established name in farm equipment worldwide for many years, it did not set up factories overseas until later than its competitors in this field. In industrial equipment, it has only one factory overseas, and that is in France. At senior management level, the group was exclusively American until the recent appointment of Walter Vogel, a German, as executive vice-president. In sales, the split between North America and overseas is still overwhelmingly in favour of the former, although the aim is that one-third of sales (for the whole group) should come from the latter within 10 years.

Looking at the mistakes which have been made by some of the North American companies in over-extending their international commitments, the more cautious approach of Deere can be seen to have been an advantage. But industrial equipment is an international industry, and Deere must succeed in these markets if it is to get the necessary volume of production. The evolution of the group as a multi-national is probably the biggest challenge facing it today.

LOMBARD

A special role for Britain

BY JONATHAN CARR

CRITICISM from Mr. Anthony Wedgwood Benn is praise indeed: thus the heart of the new British ambassador in Washington. Sir Nicholas Henderson, must be swelling with pride. Mr. Benn (*who, for readers with blessedly short memories, was until recently energy secretary*) has attacked as "pessimistic nonsense" Sir Nicholas's valedictory despatch as ambassador to Paris, in which he analysed the causes and consequences of Britain's decline. If any further confirmation of the accuracy of the ambassador's analysis were needed, it is supplied by Dr. David Owen (the former foreign secretary) who appears to have suggested that Sir Nicholas was out of touch *with developments, in* Britain.

Out of touch

It is, of course, Messrs. Benn and Owen who are out of touch if they really dismiss the picture of dwindling political influence linked to economic decline. The truth of it is abundantly clear—as clear, in fact, as the distaste for the style and attitudes of these two same politicians felt by so many of Britain's allies in Europe. The regret among leading West German Social Democrats at seeing the back of Jim Callaghan as Prime Minister, is almost outweighed by *the profound sense of relief that* Mr. Benn and Dr. Owen have gone too. Perhaps the pair may take that as an indirect tribute to the doggedness with which they have defended British interests. On the contrary, it is one classic example of the way Britain has contrived to alienate its friends who, if the truth be told, would by temperament have *been more inclined to* forge closer links with the UK than with France.

The almost inevitable result has been that intensification of the Franco-West German relationship to which Sir Nicholas rightly refers. Is it suggested that, in contrast to Britain, the French have not defended their interests doggedly? Have they kow-towed before growing West German economic, financial (and hence political) power? Anyone who *believes that will believe any*thing. The French have been more successful than the British in choosing the targets in Europe to pursue, and in adopting the right tactics to obtain them. That's all.

It was to be expected that Sir *Nicholas's analysis* would bring charges really not far from saying that the man lacks patriotism, that he is (to use a phrase from a former Labour government) "selling Britain short." That is tantamount to dismissing a doctor who has the temerity to tell a patient he is sick.

There will never be a cure for Britain if the fact of illness is not recognised. The real treason would be to suggest—once the sickness has been admitted—that there is not and cannot be a cure.

That sort of defeatism is plainly rubbish—as Sir Nicholas implies when describing the rise of West Germany and France *respectively from destruction* and semi-anarchy. Given Britain's skills, its natural resources and its relatively high level of social stability there is good reason for confidence—always providing leadership is present and able to make use of these advantages and to correct past errors.

It could well be that Western Europe and the U.S. are steering towards one of the most difficult periods in their relationship—one in which mutual recrimination in the scramble for *diminishing energy supplies* could spill over into other fields, like defence. It is a fact that West German (and indeed French) influence with Wash*ington has grown while that of* Britain has dwindled. It is also true both that the Bonn-Washington relationship remains uneasy, despite public efforts on both sides to suggest the contrary, and that many in the U.S. administration would greatly welcome a stronger voice from Britain, with which emotional ties remain so strong.

Here indeed could be a historic task for Britain. Not simply to use greater imagination in dealing with its European community partners, but to act as a strengthened link between Western Europe and the U.S. A more effective EEC policy and a strengthening of the Atlantic Alliance would *thus go hand in hand. If Britain* cannot play this special Atlantic role it may very well be that no one else will be able to do so either. And in the end, how*ever much the Washington* administration may be criticised from this side of the Atlantic, the U.S. remains Europe's only real hope. I repeat after further consideration of that last phrase—our only hope.

Sheerness itself again after 1960s decline

BY ERIC SHORT

THE MEDWAY has always been associated with the Senior Service since the foundation of the navy. *Chatham and Sheer*ness were well known to sailors. Garrison Point on the North West tip of the Isle of Sheppey, on which Sheerness stands, guards the entrance to *the Med*way, its strategic importance being emphasised when the Dutch sailed up the Medway in the reign of Charles II.

Thus when it was announced in the late 1950s that Sheerness Dockyard was to be closed, it seemed as if the Isle of Sheppey's world had come to an end. The dockyard was virtually the sole employer, so the strong opposition to the closure was based on economic as well as sentimental grounds.

Nevertheless, the closure of the dockyard went ahead in 1960—being sold to a private company, the Sheerness Harbour Company. It was run as a private company until 1968 as a dock repair yard but with moderate success. Then in that year the Medway Port Authority was established by merging a number of small concerns on the River and it took over Sheerness Harbour.

The Authority set about realising the potential of Sheerness Docks, which had not been developed while it was operating as a naval dockyard. This contained three wet basins for refitting with frontage on the Medway with dry dock facilities. This was advantageous in the old days for it meant that *a ship could be brought in on* the tide and inspected when the tide receded. But this was of little use for a docks compared with a dockyard.

AROUND BRITAIN

SHEPPEY

The potential of Sheerness was that there was deep water only 100 ft from the old frontage. The site itself faced Europe, and was also at the mouth of the Thames. Famous battleships used to anchor in the river when under the Nore command. The potential as a deep water port serving Europe was enormous, providing the *frontage was extended to the* deep water. And this is what the Medway Ports Authority has done.

It has filled in the old wet basins and extended the frontage to the deep water. Sheerness Docks are now a deep water port, sheltered from most if not all the prevailing winds. There are now five major deep water berths, with room for expansion *if required.*

There has been no real shortage of customers to take advantage of the facilities offered. The expansion of trade *with Europe was timely. The* present usage can be divided into three broad categories.

First, but not the earliest development, is the car and freight ferry facilities to Northern Europe. Started in 1972, there is a three times daily service from Sheerness to Flushing, Holland, and a twice-weekly service from Sheerness to Hamburg. It offers a quicker route to Northern Europe than the ferry services from Dover. Traffic has now risen to 500,000 *passengers and 40,000 trailers* a year, plus a growing volume of lorry traffic. The old naval parade ground has been converted into a giant juggernaut park.

Sheerness has good road and rail links with London, though for the most part it means using the branch line to Sittingbourne on the main London-Dover line. The ferry services should ensure the continuance of a route that otherwise could have been a likely candidate for closure.

The docks now handle just under 1m tons of general cargo covering fruit imports from Israel and South Africa, meat from the U.S. and forest products from Sweden, including timber pulp, and newsprint as well as timber.

The port is now the terminal for the wine tankers of Gonzalez Byass, of Tio Pepe fame. Gone are the days when wine was shipped by cask, except for the rare wines. Now it is transported in tankers, just like oil, and pumped ashore into vats for storage. The bulk wine carriers each hold 180,000 gallons.

The authority has had to construct the necessary storage sheds for these goods. Originally, it used the existing dockyard *facilities, but these soon proved* inadequate. It has built new sheds and has just won a protracted legal battle to demolish the existing stores built in the 1820s and scheduled as a preserved building. Although of historic value, they were quite unsuitable for modern needs and in the way of further development.

Finally, Sheerness is used by certain Japanese motor companies to bring in their vehicles, including such names as Toyota, Honda and Mazda. The car transport vessels hold between 1,000 and 2,000 vehicles and arrive on average once every 10 days. The docks have constructed a floating pontoon so *that the vehicles can be driven* off the vessel. Extensions to the berthing facilities are in hand.

About 100,000 vehicles a year come into Sheerness and the motor companies have taken over large tracts of Sheppey, which is a flat somewhat marshy island, and made them into vast vehicle parks.

Why have these companies picked Sheerness in preference to the bigger ports on the Lower Thames. Basically, it is the good labour relations that exist in the docks and *the quicker* handling facilities offered. A faster turnround is achieved than at most larger ports.

The revival of the docks employing 1,400 has meant that Sheerness and the adjacent towns of Minster and Queenborough have not experienced a drift of population that would have accompanied a complete dockyard closure. At the time there was no alternative industry—the holiday and caravan camps at the other end of Sheppey would not have solved the problem. Now other industry is being attracted.

Future development will depend on demand. At present *the docks cannot handle con*tainer traffic. But they own the adjacent Lappel mudflats which tests have shown are suitable for building. And the Authority has ample loan facilities available. Should trade with Europe expand as forecast, then Sheerness is equipped to benefit.

Roger Taylor

A tasting of sherry on board ship before being unloaded at Sheerness Docks.

Storm cancels Epsom card

RACING

BY DOMINIC WIGAN

EPSOM'S SECOND day was *abandoned yesterday after* an hour's thunderstorm just before the first race was due to start. The stewards inspected the course at 2.00 and decided that Tattenham Corner was in a dangerous state.

They then announced that the Coronation Cup would be carried forward to this afternoon's "Canada Card" programme. This group one-mile-and-a-half event has taken the place of the Maple Leaf auction stakes at 4.15. That six-furlong event will now be run half an hour later with the Woodbine at 5.20.

The feature event of the day is the Northern Dancer Stakes in which I feel certain that Totowah will make a bold bid to repeat his success of a year ago. The five-year-old, trained by Michael Jarvis, is owned by Lady Beaverbrook, who has *picked up so many worthwhile* prizes at Epsom. He put up a particularly game performance in last year's race, running on strongly to hold off a prolonged challenge from Fool's Mate.

Totowah has run well in both his races this season. He was third beaten by one and a half lengths by Bridestones and Dom Perignon, both of whom he was trying to concede a good deal of weight in the Ladbroke's Silver Trophy here on April 25. He was second at York, three weeks later, finding only Amber Valley too strong in the £6,000 David Dixon Gold Cup.

If, as I anticipate Totowah proves capable of running up to his best, on ground certain to be yielding, at the least he should prove capable of giving 9 lb to Neparree who folded up quickly when tackled by St. Briavels and Million in the closing stages of the Swift Binoculors Stakes at Doncaster.

Several five-furlong performers with tremendous initial pace including Pessu, Abonoora, Kaunitz and Susarma are among the runners for the Windfields Sprint. It will come as no surprise to see at least half a dozen runners well there as the field meets the rising ground.

Lester Piggott, successful on 29 occasions here since the start of the 1974 campaign, had little going his way on Wednesday, and he is sure of a good reception if he can steer his brother-in-law's After Tomorrow to victory in the Woodbine Maiden Stakes. Robert Armstrong's colt has been working impressively in recent weeks.

EPSOM

2.00—Susarma**
2.35—Sea Chimes
3.10—Totowah*
3.40—Varuna
4.15—Ile de Bourbon
4.45—Ocean Maid
5.20—After Tomorrow

CATTERICK

3.45—Court Leet*
4.45—Cartridge
5.15—Blessed Damsel

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

THEATRES

THEATRES

CINEMAS

TV/Radio

BBC 1

6.40-7.55 am Open University (*Ultra high frequency only*). 9.38 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 1.15 pm News. 1.30 Heads and Tails. 2.02 For Schools, Colleges. 3.25 Teliffant. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Heyyy, It's the King (cartoon). 4.40 We are the Champions. 5.10 Lassie. 5.35 Paddington.

5.40 News (London and South-East only).
5.55 Nationwide.
6.20 Nationwide.
7.00 It's a Knockout.
8.00 Are You Being Served?
8.30 Two Up, Two Down.
9.00 News.
9.25 Petrocelli.
10.15 Tonight in Town (London and South-East).
10.45 Regional, National News.
†10.50 The Late Film: "The Joker is Wild" starring Frank Sinatra.

All Regions as BBC1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Cantilena. 10.45-10.50 Regional, National News.

Wales—11.05-11.25 am For Schools (Let's Look at Wales). 1.30-1.43 pm Bys a Bawd. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30-8.00 Lena Zavaroni and Music. 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Public Inquiry. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); *Points West (Bristol)*; South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Times Remembered; Midlands (Birmingham) Open House; North (Leeds) Direct Line; North East (Newcastle) Mike On Friday; North West (Manchester) Home Ground; South (Southampton) That's the Way to do it; South West (Plymouth) Peninsula; West (Bristol) The Last Concorde.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.53 A Child's Place.
7.20 Mid-Evening News.
7.30 Gardener's World.
7.55 Heads and Tales.
8.10 Chronicle.
9.00 All Creatures Great and Small.
9.50 Westminster.
10.15 Around with Alliss.
10.40 Bullseye BBC2 Darts.
11.15 Late News.
11.30 "Adalen 31."

LONDON

9.30 am Schools Programmes. 11.55 Betty Boop Cartoon. 12.00 A Handful of Songs. 12.10 pm Rainbow. 12.30 The Sullivans. *1.00 News, plus FT Index.* 1.20 Thames News. 1.30 Home and Design. 2.00 After Noon Plus at Home. 2.25 Racing from Epsom. 4.20 Midnight is a Place. 4.50 Magpie. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 The Krypton Factor.
7.30 Winner Takes All.
8.00 Hawaii Five-O.
9.00 Kids.
10.00 News.
10.30 Soap.
11.00 Police 5.
11.10 The London Programme: "The Petrol Shortage."
12.10 am Electric Theatre Show.
12.40 Close: Personal choice with Martin Jarvis.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.00 Money-Go-Round. 5.15 Bailey's Bird. 6.00 About Anglia. 7.30 Gambit. 8.00 Chips. 10.30 Movietone—It Spoke for Itself. 11.30 Friday Late Film: "Rage," starring Glenn Ford. 1.20 am Christians in Action.

ATV

12.30 pm Gardening Today. 1.20 ATV Newsdesk. 5.15 Makin' It. 6.00 ATV Today. 8.00 The Incredible Hulk. 10.30 Mary Hartman, Mary Hartman. 11.00 The Tough Guy Movie: "Dillinger."

BORDER

1.20 pm Border News. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Happy Days. 8.00 Fantasy Island. 10.30 Summer Sport. 11.00 Lanigan's Rabbi. 12.15 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 Friends of Man. 10.28 Channel Late News. 10.35 The Danton Review. †10.55 Late Night Movie: "The Angry Silence." 12.35 am News and Weather in French.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. *5.15 Emmerdale Farm.* 6.00 Grampian Today. 6.35 Father Dear Father. 7.00 The Krypton Factor. 7.30 Ferntoun Folk. 10.30 The Friday Film: "Devils of Darkness." 12.20 am Reflections. 12.25 Grampian Late Night Headlines, followed by Road Report.

GRANADA

1.20 pm Cartoon. 5.15 The Rolf Harris Show. 6.00 Granada Reports. 6.30 Oh, No, It's Selwyn Froggitt. 8.00 The Streets of San Francisco. †10.30 Hitchcock: "*Rebecca*," starring Laurence Olivier and Joan Fontaine.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 Gambit. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 8.00 The Incredible Hulk. 10.36 All Snails and Sauerkraut? †11.05 The Late Film: "The Man Upstairs," starring Richard Attenborough.

HTV CYMRU/WALES—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Y Ddol Goll. 6.00-6.15 Y Dydd. 10.35-11.05 Camera.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road. 5.15 Gambit. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.00 The Incredible Hulk. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear: "Assassin," starring Richard Todd.

SOUTHERN

1.20 pm Southern News. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (*South East Area only*). 6.30 Out of Town. 8.00 Charlie's Angels. 10.30 Weekend. 10.35 Opinions Unlimited. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Premiere: "Nine Months."

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 1.20 pm North East News. 5.15 Laverne and Shirley. 6.00 Northern Life and Sportstime. 8.00 The Incredible Hulk. 10.30 Friday Live. 12.00 S.W.A.T. 1.00 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.20 Ulster News Headlines. 5.15 Gambit. 6.00 Ulster TV News. 6.30 Mork and Mindy. 8.00 Streets of San Francisco. 10.30 Church Report. 11.00 Barnaby Jones. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.32 Westward Late News. 10.36 The Danton Review. †10.55 Late Night Movie: "The Angry Silence," starring Richard Attenborough. 12.35 am Faith for Life. 12.40 West Country Weather.

YORKSHIRE

12.30 pm The Cedar Tree. 1.20 Calendar News. 5.15 Makin' It. 6.00 Calendar (Emley Moor and Belmont eds.). 6.35 Calender Summer Sport. 8.00 The Incredible Hulk. †10.30 "Foreign Correspondent," starring Joel McCrea.

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m	
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo	
3	1215kHz/247m & 90-92.5vhf stereo	
4	200kHz/1500m & 92.95vhf	
	BBC Radio London:	1458kHz, 206m & 94.9vhf
	Capital Radio:	1548kHz, 194m & 95.8vhf
	London Broadcasting:	1151kHz, 261m & 97.3vhf

RADIO 1

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Derek Hobson (S). 12.15 pm *Waggoners' Walk*. 12.30 *Pete Murray's* Open House From Jersey (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S). 6.45 Sports Desk. 7.02 Listen To Les, says Les Dawson (S). 7.30 Sports Desk. 7.33 Fiesta de Donna (S). 8.02 Ronnie Aldrich conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Sequence Time at the Radio 2 Ballroom. 11.02 Brian Matthew with Round Midnight including 12.00 News. 2.02-5.00 am You And The Night And The Music with Tim Gudgin (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9.00 News. 9.05 This Week's Composer: Ockeghem (S). 9.45 Young Artists Recital (S). 10.25 BBC Concert Orchestra (S). 11.25 John Pinneguy Horn Quartet (S). 12.15 pm BBC Northern Symphony Orchestra, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 BBC Northern Symphony Orchestra, part 2 (S). 2.05 Royal *Repertoire (S)*. 5.05 Janacek (S). 5.25 Homeward Bound (S). 5.45 News. †5.50 Homeward Bound. †6.15 At Home—Concert: Dvorak, Rachmaninov. 7.10 Claudio Arrau piano recital (S). 7.30 "Werther," lyric drama in four acts by Massenet. Act 1 (S). 8.10 The Home *of Reality* (story by John Sewell). 8.30 "Werther," Act 2 (S). 9.05 The Living Poet: P. J. Kavanagh. 9.25 "Werther," Acts 3 and 4 (S). 10.30 Music Now. 11.30 Bach Cantata (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including *6.45 Prayer for the Day*. 7.00, 8.00 Today's News. 7.30, *8.30 News headlines*. 7.45 Thought for the Day. 8.45 A Moveable Feast. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way. 11.40 Announcements. 11.45 Listen With *Mother*. *12.00 News*. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Wee Georgie Wood (tribute). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of The Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Sounding Off. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 John Ebdon with the BBC Sound Archives. 11.45 Just Before Midnight. *12.00 News*.

London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 *After Eight*. 9.00 *Nightline*. 1.00 am Night Extra.

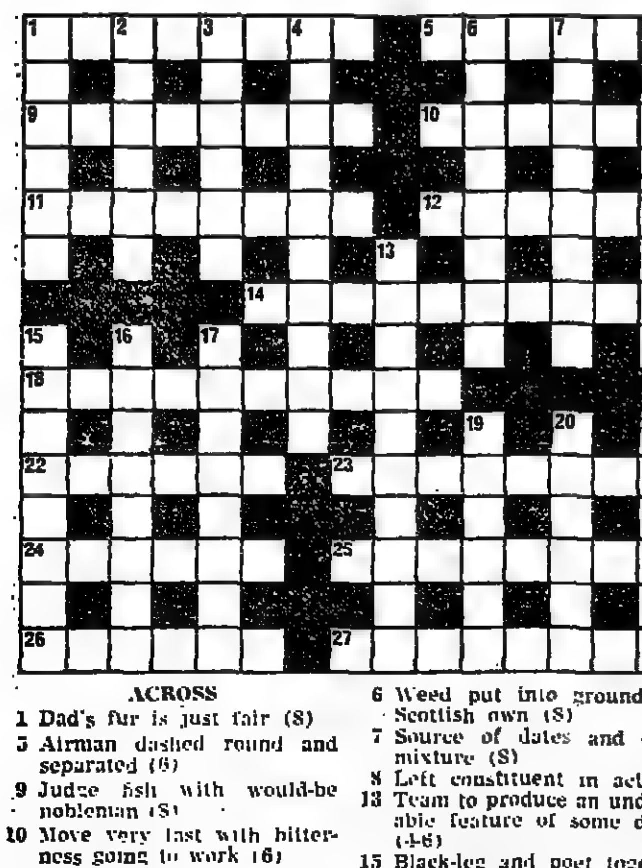
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.03 pm Call In. 2.03 206 Showcase. 4.03 *Home Run*. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.03 Late Night London. From 12.00—Join Radio 2.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,990



ACROSS

1 Dad's fur is just fair (8)
5 Airman dashed round and separated (6)
9 Judge fish with would-be nobleman (8)
10 Move very fast with bitterness going to work (6)
11 What secretaries do to reduce (4, 4)
12 A vocal inflexion right for expiator (6)
14 Forestall caper that is about Irishman (10)
18 Can't I pry in bracket? (10)
22 Live and carry on—see 2 (6)
23 Culprit has to finish in tender (8)
24 Transfer a southern symbol (6)
25 Wanting to accept learner but it's irritating (8)
26 Ramble in talk that's odd in German article (6)
27 One way to encourage fish (8)

DOWN

1 Refined Pole admits it (6)
2 Caress a man in a boat (6)
3 Refer to Oriental with dull article coming up (6)
4 What Marathon runners should be and tedious speakers are (4-6)
6 Weed put into ground the Scottish own (8)
7 Source of dates and clear mixture (8)
8 Left constituent in act (8)
13 Team to produce an undesirable feature of some drugs (4-6)
15 Black-leg and poet together should cover the point (8)
16 End holding groove that may be engraved (8)
17 Conversation due to letting in one bad goal (8)
19 Nurse is sensitive to pain (6)
20 Skilled opinion producing notice on sin (6)
21 Male monster in female attire? (6)

Solution to Puzzle No. 3,989

مكتبة أمين الأصل

THE ARTS

Cinema

Down for the fourth time

by NIGEL ANDREWS

Quintet (AA). Cinecenta.
The Left-Handed Woman (A). Camden Plaza.
Painters Painting. ICA.
Third International Avant-Garde Festival. National Film Theatre.

What on Earth is to be done about Robert Altman? Since *Nashville*, widely and rightly regarded as a masterpiece, Altman has been floating many miles out to sea, going down the proverbial three times—with *Buffalo Bill*, *Three Women* and *A Wedding*—and giving the impression in his new film *Quintet* that his fourth submersion has been fatal. The film is deeply mysterious, deeply, dreadfully tedious, and quite unlike anything one could ever have expected from Altman.

Enter, across a white and icy waste, a fur-wrapped Paul Newman trekking with his wife (Brigitte Fossey) towards screen left. As the credits roll, we follow the couple's approach to a strange settlement of wood-and-glass houses with whose equally strange inhabitants—dressed in Mediaeval costume with broad-brimmed hats and Renaissance beards and coiffures—they evidently have a rendezvous. The said inhabitants are sitting at a table, indeed several tables, playing a weird game with dice and bits of bone. We soon learn that this game is the titular "Quintet," that it is deeply allegorical, and that its multi-accented players (Vittorio Gassman, Bibi Andersson, Fernando Rey, Nina Van Pallandt, David Langton) are living out in this frozen North some kind of symbolic Game of Death.

Newman, the innocent abroad in this existential hothouse, looks as worried for most of the film as we, the audience. (We never discover quite what he is meant to be doing there.) Characters keep getting bumped off, by daggers or explosions, and the dialogue hobbles spasmically forward emitting such lines as: "Death is arbitrary. That is one of the chief objects of complaint about it." The time in which the story is set is deliberately vague—might be the past, might be the future—and Altman attempts a sort of dream-like look by fringing the camera lens with grease so that the screen edges elegiacally fuzz.

If Nanook of the North had wandered by a picaresque error into Marienbad, his experiences might very well have looked like this. To confuse and irritate us further Altman has given his characters coyly mythical and exotic names — St. Christopher, Ambrosia, Deuca, Goldstar etc. —and has adopted a narrative method that tries to cross the locked-doors murder thriller with the symbolical *roman à clef*. Keys, indeed, are in short supply. But one's worst misgiving of all is that even if one *succeeded* in opening all Altman's locked doors, one would find nothing beyond but empty, echoing rooms.

*

A locksmith would be very useful in Peter Handke's *A Left-Handed Woman*. This is another film whose mysteries I have trouble unfastening. Why does the fortyish married heroine, played by Edith Clever of *The Marquise of O*, decline to give any reasons when she asks her husband (Bruno Ganz) to leave her the day after he has returned to Paris from a business sojourn in Finland: trailing jet-lag but tirelessly stating his continued love for her?

No answer. Perhaps one should wait patiently and extract it, like a willing appendix, from the body of the film. But the film struggles against yielding it up: more and more so as we watch the heroine's ensuing struggles with loneliness, with her work as a book translator and with bringing up an only son.

Symbols and allusions clatter around in this German and highly Germanic movie, but writer-director Handke finds no golden mean between making them feebly over-obvious (street names like Rue de la Raison, a passage of Beethoven Für Elise *played on the soundtrack as the heroine passes a house called* the Villa Elise) and making them intractably obscure. The spare, grey-toned, angular photography—by Robby Muller, regular cameraman for Wim Wenders—sets a mood of palpable, poetic sadness. But Handke fails to fill it with recognisable human emotions. The words and actions and symbolic gestures are dry, academic, etiolated. One rues the fact that Win Wenders himself was not entrusted with the chance to direct Handke's script, to fill it with quirky life as he did an earlier, equally cerebral Handke screenplay, *The Goalkeeper's Fear of The Penalty*.

Good performances—Clever exuding loneliness from her tight-boned face, Ganz wryly *hangdog and bewildered*—seem almost an irrelevance. Handke moves his characters around like the furniture. A vase of flowers here, a person there, a table there. This tableau-like formalism can be interesting, and even hypnotic—*vide* Fassbinder—but in Handke's hands it looks tight and nervous. The heroine's dilemma, far from seeming too deep for words or for rational explanation, looks like the old, universal human choice between loneliness-freedom and restraint-companionship: here dressed up, or rather dressed down, to seem like the ultimate in Stark Existential Crises.

"Aesthetics is for me what ornithology must be for the birds": American painter Barnett Newman.

"I tink a mout is a very funny ting": Dutch-born American painter Wilhelm de Kooning.

"*My paintings are invitations* to look elsewhere": American painter Robert Rauschenberg.

*

Painters Painting, Emile de Antonio's documentary about modern American painters, has more good lines per foot of soundtrack than any film since *Annie Hall*. You may be a novice when it comes to untangling the finer points of Abstract Expressionism, Tacism, Pop Art or other 20th century transatlantic art movements, but this movie cannot fail to entertain you. There before the camera sit these magnificent gurus of modern painting—Barnett Newman like a snowy-haired walrus, Frank Stella like an aggrieved Woody Allen, Robert Rauschenberg slurring profundities from the top of a step-ladder—and de Antonio prompts them with a delicacy and modesty one thought from previous pontifical movies of his *(Rush to Judgment, Underground)* was quite beyond him.

The film alternates black-and-white (for the interviews) with colour (for the paintings) so as to make an admirable virtue of what must have been budgetary necessity. And it is sheer joy to see so many articulate people talking both seriously and wittily about the whys and hows of painting as an art and as a way of life. The film shows at the ICA from today. Go and see it.

*

At the National Film Theatre, the Third International Avant-Garde Film Festival gets under way tomorrow and continues until Sunday, June 17. This has been an avant-garde week and your brain, like mine, may be beginning to fray at the edges. However, this round-up of the latest and best in experimental cinema is worth your attention, and will certainly offer you a brighter time than the tatterdemalion modernism of R. Altman's latest. There were two gems unveiled at the Press show—from Australia Paul Winkler's *Bondi*, a magical demonstration of trick photography, and from Canada Patricia Grueben's *Central Character*, a return-to-nature fantasia deftly mixing live action with captions and drawings. See these, and search for others.

Paul Newman and Brigitte Fossey in "Quintet"

Cottesloe

Despatches by MICHAEL COVENEY

Leonard Burt

Attempt to reconstruct the Vietnam tragedy

Michael Herr was in Vietnam for a year covering the war for Esquire magazine. The extent to which the war covered him is the subject of a stunning book faithfully nibbled at by Bill Bryden and his National Theatre cast. The book is hot jazz, a brilliant mosaic of impressions, characters and a generation seconded to zap gooks while high on anything from Hendrix to grass. It is, above all, about the 1960s. It also describes with humour and humility the uneasy role of a war correspondent, a parasite who chooses to be where everyone else is dying to leave. Or leaving to die. For Vietnam then read Cottesloe now.

Perhaps the glamour of all this is what appealed to Mr. Bryden and the National Theatre. The references are all correct. Dylan whining behind our reluctant host's introductory speech about the Vietnam map; Luther King's "promised land" speech cut across by the report of his assassination and a black grunt's fear that home will now be a hassle; the betrayed husband from Tennessee being ironically comforted by a clockwork Westmoreland. But the adaptation is doomed, as it cannot hope to recreate the passion and style of its model whose chief impact resides not just in the matters discussed, but in the words used, the flow of the prose and what lies behind and *between*.

The result is something that smacks of trendy opportunism, feebly beefed out by a second-rate rock group, tricksy lighting, dire caricature and appalling distortion. In the book, the correspondent is sent by a nurse in a Saigon hospital to give a beer to a doctor swimming in blood after 20 hours at the table. He finds him comforting a small girl, one of her legs wrapped in *newspaper on the floor*. Bones are jutting. This episode is rendered in a dismally pretentious sequence featuring a crippled boy, a bloodied doctor and some silly actor shouting inaudibly through the haze, "Who's in the next room?"

Jack Shepherd as the correspondent gives one of his self-effacing mumbling acts, obviously as embarrassed (in the wrong way) to be here as I was to sit watching him on a bum that turned to stone after 10 minutes. Hey man, a stoned bum. Surrounded by fellow hacks and assorted celebrities, I could hardly believe where I was and any embarrassment felt by Mr. Herr at the front was nothing to what I was going through.

A mention, though, for Michael Feast as the irrepressible grunt whose death is commemorated in a scene that rose above the rest, could have been imagined by Edward Bond on song. The Cockney journalist, Page, is ridiculously presented, without love. *Pace* Jane Fonda and the rest, I learnt more about America and Vietnam from *The Deer Hunter*, and those magical three hours may be had for the price of a Cottesloe ticket.

Coliseum

Romeo and Juliet by CLEMENT CRISP

Rudolf Nureyev is installed at the Coliseum for his regular annual season. The fact that the *enterprise is a marathon*—Nureyev at every performance—is less remarkable than the phenomenal energy which he brings to his appearances. Nothing husbanded, everything dared, Nureyev (at an age when many a male dancer is taking care) heeds neither time nor tide. He dances because he must—and not just because his vast and adoring public wishes him to.

In his own staging of *Romeo and Juliet* for Festival Ballet, who are his companions for the first three weeks (Murray Louis then follows them to the Coliseum: Nureyev remaining). Nureyev looks to me better, more physically exciting, than when the piece was created. His reliance upon the academic dance, the way he flings himself into its deepest technical waters, daring them to close over his head (which they never do), is extraordinary. If his dancing appears sometimes like an effort of will, it also has an edge of bravura, a muscular panache, which is thrilling.

The production continues alternatively to excite and exasperate me. Fine its dramatic freshness, the vitality of imagery in the opening scene, in the flag-dance, in the sudden illuminating play of characters—*notably at Mercutio's death*. Maddening to me, the ceaseless-nervous drive of the choreography for the lovers, the unending gabble of academism, which crowd out any lyricism, and make the balcony scene, the wedding, the end of Juliet's ballroom solo, seem crude impositions upon the sweep of the score.

I do not believe for very long *in either Romeo or Juliet as* lovers, though Patricia Ruanne manages a high fervour of independence in the passage with her parents in Act 3. Her dancing throughout is easy, rising to every fierce demand of the choreography. Nicholas Johnson's Mercutio has gained even more in quicksilver moods and humour, and Tom van Cauwenbergh is a Benvolio of no less accomplishment.

The orchestra, after a dim start, rose to Prokofiev's score; the sets and costumes remain excellent. And Nureyev looks the force of nature that he is. The role of Romeo (like that of Juliet) is shallow in this staging, but on its bright surface Nureyev leaps and spins with exceptional brilliance.

Savoy/Quaglino's

Night Life

by ANTONY THORNCROFT

Anyone forced to celebrate an anniversary or to entertain the inquisitor from Head Office may well choose either the Savoy or Quaglino's as safe and assured havens of after hours respectability. This week both presented new shows, offering an opportunity for night thoughts.

No one is going to be shocked at either, not by the food, the cabaret, or the bill. They maintain a tradition, not perhaps with the style of pre-War days (and that's the fault of the clientèle), but with a certain assurance. They are what you would expect, give or take a few moans.

The Savoy is currently presenting Patti Boulaye who has improved tremendously since her January days at the Talk of the Town. The relative smallness of the room at the Savoy is kinder to her small-ish talent, and she looked splendid, moved well, with the assistance of two boys, and produced an interesting repertoire, ranging from disco to *Don't Cry for me Argentina*. The voice is pained when she goes for volume, but has a sweetness and charm when kept in check. As she worked her way round the stage, shaking more hands than the Queen, Miss Boulaye built up a great deal of affection and the audience was able to return to its chewing with the comfortable feeling of the party having been a success.

To eke out the amusement there is a rather stodgy band for dancing, which could benefit from some modern music, and a brief prance by eight tall girls. "The main criticism of the Savoy is the shortage of atmosphere. The room looks as if it could accommodate a sales conference just as easily and only the determination of the customers to enjoy themselves made it seem like fun.

*

In contrast Quaglino's looks the part, perfectly. It is all *quite tiny, and the sense of* occasion is increased by the smart décor and the imaginative menu. There seems to be a new band, which is not as interesting as the former troupe, and the cabaret is much less ambitious. Bob Howe has devised a summer revue *Blondes and Bombshells*. Both parts are played by Elizabeth Larner who has Mark Ryan (dashing across from Evita) as her straight man. It is basically the songs of Hollywood, again, from Mae West to Marilyn Monroe by way of Betty Grable. Mr. Ryan is an attractive gigolo, and the melodies can linger on for many more generations, but perhaps this particular format is due for an overhaul.

University Theatre, Manchester

Jungle Music

by MICHAEL COVENEY

Peter Flannery acknowledges a debt to Brecht's *In the Jungle of Cities* in a programme note, but the chief impression of his confused and confusing new play is that he really just wants to paint some sort of Manchester cityscape. Brecht's play was about a contest in 1912 Chicago between a Malayan lumber dealer and a young librarian. Their equi[…]s here are a sly property […] Moss (Simon Molloy) and […] affected, yellow-haired p[…]k, Kit (Gary Shail).

Whereas Brecht urged his audiences to "judge impartially the technique of the contenders, and be prepared to concentrate on the finish" — he had lately become interested in boxing—Mr. Flannery drains the fight of an essential tension and reserves his best writing for the peripheral mood pictures. Operating on an upper level of Jonathan Porter's impressive but over-complicated set, Moss has an underworld interest in a flashy club, where a punk group, the Four Skins, pump out some aggressively irrelevant songs by Mick Ford and Robert Hickson. Kit uproots himself from his friends and family to sulk languorously in the foreground. His father ends up as a tramp, his mother a cleaner in the club. The Manchester rain is electronically conjured as Mum wonders what happened to her community and her son.

The trouble really is that Mr. Flannery, who made such an impressive debut last year with *Savage Amusement* at the RSC's Warehouse, is caught between the Scylla of Brecht and the Charybdis of modern-day Manchester. A much better response to the original was Sam Shepard's *Tooth of Crime*, a reverberatively poetic fable which transposed the contest into a rock and roll setting.

However, there is much in the *work to confirm Mr. Flannery's* considerable promise, notably a cruelly funny encounter between Kit and a lifeboat flag-seller. Kit gives the man a large amount of money (he has taken over Moss's business by now) in exchange for the privilege of punching him on the mouth. And there is an entertaining punk elegy for sleeping Mancunians ("Wouldn't it be great if they all woke up paralysed?").

Richard Williams's production could be 20 minutes faster, spoken more forcefully and lit more sharply. But a pleasant company do their best, good contributions coming from John Branwell, Carolyn Pickles and Sue Jenkins.

Royal Ballet's American tour

To conclude its 1978-79 season, the Royal Ballet undertakes a six-week tour of North America, leaving London on Saturday June 23. This entire trip has been made in association with Joseph Clapsaddle Presentations, and made possible with financial assistance from the American Friends of Covent Garden and The Royal Ballet Inc., the British *Council and the Royal Opera* House Trust.

The company opens on Tuesday June 26 at Wolf Trap Farm Park, Washington and continues with seasons at the Place des Arts, Montreal (July 3-8), Queen Elizabeth Theatre, Vancouver (July 10-12), Berkeley Auditorium, San Francisco (July 14-22), Shrine Auditorium, Los Angeles (July 24-29), and makes its first visit to Mexico City at *the Palacio de Bellas Artes* (August 2-5).

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Friday June 8 1979

First step on conservation

IT IS CLEAR from yesterday's statement by Mr. David Howell, Secretary for Energy, that the Government does not intend to rely solely on the price mechanism to bring about the improvement in energy conservation which is now seen as urgently necessary. Mr. Howell has appealed to all consumers to reduce their oil consumption immediately by at least 5 per cent. He intends to reinforce this appeal by a continuing programme of propaganda and persuasion. He himself will be taking a "direct and continuing interest" in the issue, talking to companies and trade associations, helping to publicise the services provided by the Department of Energy and extending the flow of information on good energy saving practice. The public sector will be giving a "firm and sensible lead" on energy conservation.

Control

This show of activity is welcome, not least because it demonstrates to the public the priority which the Government attaches to energy conservation; "*it is at the centre of energy policy*," Mr Howell said yesterday. The question is whether the range of measures he outlined is sufficient to meet the situation. The Government is certainly right to steel clear of *detailed intervention in the distribution of oil*. There is no case as yet for rationing or for government allocation of supplies; by means of collaboration between the Department and the oil companies it should be possible to adapt to the present tight supply position, though there are bound to be specific cases of hardship where intervention will be needed. The Government has so far rejected any new mandatory measures, even those, such as lower speed limits, which would add to the pressure for conservation among members of the public.

Premium

How far the Government intends to use the price mechanism to induce energy conservation will presumably become clear in next Tuesday's Budget. There is a strong case for raising the duty on petrol and derv, *over and above indexation, and* for altering the present arrangements whereby certain forms of energy, such as gas, are substantially under-priced in relation to world market levels. Although gas is not internationally traded to the same extent as oil and the *Government has more freedom* manoeuvre in determining its price, indigenous supplies of gas are limited and, once used, will have to be replaced by other fuels. Thus, as last year's Green Paper on Energy policy pointed out, the price of gas should include a substantial scarcity premium. That premium is at present much too low.

There is, however, a limit to what price increases can achieve. The Green Paper commented that "the response of individual consumers to the price mechanism, even if reinforced by information and advice, will not in practice bring about all the energy conservation investment that *is* cost-effective by comparison with investment in energy production." Investment in energy conservation is to a degree optional and some industrial consumers may reject investment opportunities which involve more than a very short payback period, however desirable they *may be from* a national viewpoint. The fundamental task is to bring about a sustained and continuing *improvement* in the efficiency of energy use throughout the whole country. This will almost certainly involve a combination of sticks and carrots which goes beyond the Government's present programme.

Incentives

At the end of his statement yesterday Mr. Howell said that he was examining how our longer term energy conservation policies might be reinforced and "whether the current balance between pricing, information, advice, research and demonstration, incentives and legal compulsion is right." Given the long-term nature of the problem, it is difficult to place too much hope on government-financed propaganda campaigns which are bound to lose their impact after a while. If energy conservation is to be substantially increased in, for example, the transport sector, which accounts for over a fifth of total energy consumption, then a pattern of incentives must be devised which will bring this about; the wider use of diesel-engined cars is one possible *development. In the two other* big consuming sectors, industry and buildings, mandatory measures may be needed to raise standards of efficiency in energy use. What Mr. Howell announced yesterday represents only the start of a continuing programme.

Gaining time in Lebanon

THE DECISION announced by the Palestine Liberation Organisation (PLO) and its Lebanese Left-wing allies to withdraw from the front line with Israel in south Lebanon could be a major contribution towards solving the problems of this deeply fragmented country—but only if it turns out to be a strategic rather than a tactical action. Unfortunately the latter looks to be more likely.

Under an optimistic interpretation, the PLO would appear to have realised (and been made to realise, particularly by Syria) that there is nothing to be gained by provoking the sort of heavy artillery retaliation which Israel has been dealing out in recent weeks either directly or through the Christian forces of Major Haddad, which is backs. This is because these skirmishes always contain the risk of getting out of control.

Return and resettle

Internally, a protracted lull in in the fighting in the south would give an opportunity to tens of thousands of Lebanese refugees, who fled under the artillery bombardment, to return and resettle. It might also reduce the longstanding tensions between Lebanon's Moslem and Christian communities, at a time when, in the wake of the resignation of Dr. Selim Hoss and his government of technocrats, effects are being made to assemble a cabinet composed of politicians of all persuasions.

At the same time, the newly *reformed but embryonic* Lebanese army, which had been shattered during the 1975-76 civil war, would be able to reassert some national authority, which in turn would strengthen a national government. In this task it would have assistance from the UN Interim Force in Lebanon (UNIFIL). Were most of these events to come about, Syria would be much relieved.

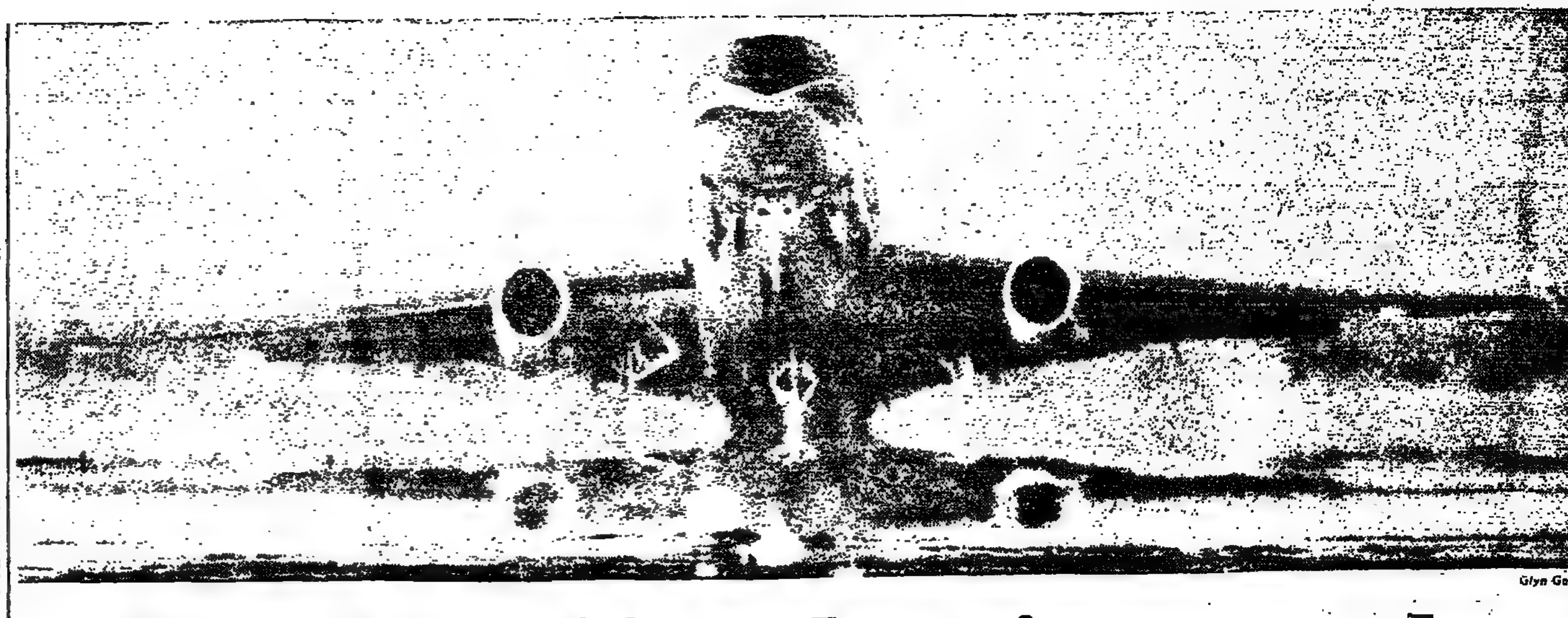
Unfortunately, a pessimistic interpretation is more realistic. Firstly, the focus of attention in the next ten days at the UN will be the renewal by the Security Council of UNIFIL's mandate, which is due to end on June 19. Its presence in the south is undoubtedly useful to Syria as a buffer between its forces and Israel. Its absence would be impossible to fill. By the removal of the Palestinian and leftist forces during the period of UN debate, Israeli forces and those of Major Haddad would have no excuse for continuing to bombard the south unless they were willing to be seen in international eyes as the major destabilising factor in that area.

The Palestinians are in an awkward position. Whatever *their protestations to the contrary*, the must have some flicker of interest in the forthcoming talks between Egypt and Israel on the question of Palestinian autonomy on the West Bank and in the Gaza strip. Apparent good behaviour in this sensitive area would marginally strengthen President Sadat's hand in negotiations on their behalf. But stronger than these arguments for redeployment are other important factors. By withdrawing *mainly from the* southern port of Tyre, they are hardly sacrificing very much in military terms. It will not be hard to return to that town and other assorted bases when circumstances change.

Were the Syrians to withdraw from Lebanon, the Palestinians would be extremely vulnerable to their arch foes, the Christian forces further north. A redeployment thus has the advantage of opportunities to dig in elsewhere. *More important*, the bulk of Lebanon's problems remain as unsolved as the day the civil war erupted—and before. The Christians are unwilling to acknowledge they are not a majority over the Moslems and to make the appropriate political concessions. Thus the chances of an all-party cabinet are remote.

Stop gap arrangement

Furthermore, there are no signs of agreement between the Moslems and Christians as to how many Palestinians should be in the country, where and how they should be armed. Thus like most developments in *Lebanon, the Palestinian withdrawal*—if Mr. Yasser Arafat, the PLO's chief has the authority to enforce it fully—looks like a stop gap arrangement to permit a temporary defusing of tensions and allow UNIFIL to struggle on for a few more months. The fundamental problems remain untouched.



Glyn Genin

The DC-10: what is at stake

BY MICHAEL DONNE, Aerospace Correspondent

THE DECISION of the U.S. Federal Aviation Administration to ground indefinitely the world fleet of McDonnell Douglas DC-10s, following the discovery of further cracks in two jets and fears of a possible design weakness in the aft bulkhead, is the worst operational crisis to hit the world air transport industry. It could have severe *long-term* financial and other effects.

At a stroke, it has grounded 277 wide-bodied jets, each of *which is capable of carrying over* 250 passengers, and which collectively constitute about one-fifth of the world's airline capacity. Though there are over 4,000 jets in the commercial fleet, many of them are small aircraft, *with nothing like the* range or payload of the DC-10. Over 100 more DC-10s are on order or option for delivery over the period up to 1981-82.

The problem is compounded by uncertainty as to how long the grounding will last. Everyone hopes it will be brief—one week, two weeks, a month or even a little longer. But no one knows—not even the FAA itself which has still to conduct the further detailed technical checks on the aircraft.

These checks will involve going over virtually every part of the DC-10 in meticulous detail, to clear it for a new Certificate of Airworthiness, replac*ing the one now withdrawn. If* those checks show the need for major design and engineering modifications—as well they might in the light of the FAA's most recent findings—then a large part of the fleet could be on the ground for months.

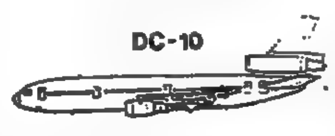
But this is only one of the uncertainties thrown up by the grounding. Others include worries about revenues lost to airlines, problems over insurance liability for loss of use of aircraft, and for the cost of repairs if any, and anxiety of the banks and insurance companies that have subscribed loans worth well over £2bn to help buy the fleet in the first place.

The *immediate problem* for the 41 airlines involved is to try to plug as swiftly as possible the gaps torn in their fleets by the grounding of the DC-10s. All the signs yesterday were that a major scramble was under way world-wide for almost all other types of long-haul aircraft available—even very old, fuel-inefficient and noisy 707s and DC-8s which previously had been virtually going begging.

One immediate result is that prices for those aircraft will rise steeply, because while there are some, they are not plentiful. One estimate is that there may not be as many as 50 or so 707s and DC-8s in the fleets *around the world, awaiting* buyers or potentially available for sale. Some of them may not be immediately fit for service.

With the summer peak drawing closer, and travel demand *rising steeply, such aircraft as* are available are not likely to be enough to plug the gap, especially if it lasts for a long time. That can only mean that some airlines and their passengers are likely to be unlucky in the search for alternative aircraft. The delays to schedules, and even cancellations, could multiply, the longer the grounding goes on.

Nor is it really possible for the other manufacturers, primarily Boeing with its 747 Jumbo and 707, (which still is in limited production) and Lockheed with the TriStar, to increase their production to meet any short-term lack of



DC-10s. Aircraft manufacture, especially of wide-bodied jets, is a complex process taking several months to wind up or down according to demand.

Thus, accelerated production of 747s and TriStars would probably only be considered by Boeing and Lockheed if the DC-10 were to be permanently removed from the world's active airline fleets. That is something that they would probably not want to see happen because of the damage to public confidence in wide-bodied jets that it would create.

One other way of plugging the gap torn in the schedules is for other airlines to make bigger efforts to fill their aircraft, and to fly more frequently *on specific routes*. This is always easier said than done. It is an axiom in air transport that when an airline's average load factor is running at around 65 to 70 per cent, it is in effect flying full more often than not, and needs *to buy new aeroplanes* anyway. Additional flights on specific routes throw extra burdens on flight deck and cabin crews, ground staffs at airports, and in air traffic control centres, which may cause industrial problems, while the more the aircraft fly, the faster they in turn come round for their own major maintenance checks. But there can be no doubt that some airlines throughout the world, which do not use DC-10s, and which do have 747 or TriStar equipment available, may well earn windfall profits from the additional traffic coming from airlines whose own fleets are *grounded*.

The problem seems likely to be more acute in the U.S. than elsewhere. It is in that country that the biggest fleets of DC-10 aircraft exist—for example, with American, Continental National and United (mostly of the earlier Series 10 where the problems have occurred). But the impact is also likely to be severe on many of the smaller airlines round the world, which depend *upon DC-10s for much of their* long-haul operations—such as Laker (six), Air New Zealand (eight) and airlines in Africa, South America, South East Asia and the Far East.

MAJOR DC-10 OPERATORS

UNITED STATES		OTHERS	
American	25	Air New Zealand	8
Continental	8	Alitalia	8
National	11	British Caledonia	3
Northwest	22	Iberia	6
United	37	Japan Air	9
		KLM	9
		Laker	6
		Lufthansa	11
		Swissair	9

Altogether 277 DC-10s are in service. The estimated value of that fleet is over £2bn. Another 100 aircraft are on order or on option.

The DC-10, especially in its later "intercontinental" long-range version, has been widely used for long-distance flights between those parts of the world and Western Europe and North America.

In the UK package tour holiday market, while there have been some reports already of *delays to passengers, the overall* impact is not likely to be too severe, since apart from occasional charters, much of the traffic is short-haul and carried on other types—707s, DC-8s, One-Elevens, 727s and 737s. But Laker, which has used its DC-10s extensively for its Skytrains to New York and Los Angeles, and British Caledonian, which has used them to Houston, South America and West Africa, will probably need some 707s urgently.

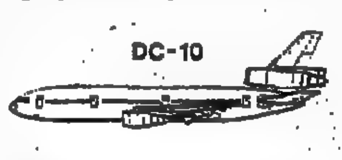
British Airways has only used one DC-10, on lease from Air New Zealand, and with its big fleet of 747s and TriStars will be able to cope more easily than *most other DC-10 users*.

Of more severe longer term significance to the world airline industry, however, both from the operators' and the passengers' viewpoint, will be the financial implications of the grounding. They are complex and far-reaching. What is now at stake is nothing less than credibility of the DC-10 as an airliner, and the airlines' confidence in McDonnell Douglas as a major manufacturer of jet airliners, at a time when the company is planning even bigger versions of the DC-10. The only other major jet airliner ever to lose its Airworthiness Certificate as a result of unexplained accidents and doubts about safety was the first de Havilland Comet, the world's first jet airliner, following the initially inexplicable loss of two aircraft over the Mediterranean, eventually ascribed to explosive decompression due *to metal fatigue*.

It tooks years for the Comet to return to airline service, in a much modified form, but the aircraft *never* recovered its initial lead — it was overtaken by the 707 and DC-8 in the mid to late 1950s *and de Havil*land never returned to quantity manufacture of big aircraft as an independent company. It ultimately became part of the Hawker Siddeley Group.

*The task now facing McDon*nell Douglas, as the primary DC-10 airframe designer and manufacturer, is formidable. In order to ensure that it can go on building DC-10s and holding a leading place in the "big league" of airliner manufacturers, it must get its DC-10s cleared and flying again as soon as possible — but not so swiftly as to encourage the FAA, the National Transportation Safety Board and the travelling public to suspect that the task is being rushed.

Also deeply interested in ensuring that the DC-10s get flying again swiftly are the banks



and insurance companies which collectively world-wide are estimated to have lent more than £2bn to the airlines for DC-10s alone over the past 10 years. Their investments, to be secure and returning money, must be airborne, filled with satisfied customers. Jets on the ground awaiting repairs lose money at a rate of several thousand pounds a day.

While some airlines do insure *against loss of revenues during* the lifetime of an aircraft, this generally protects them if an aircraft is out of action for a brief period for repairs following unforeseen mishaps—it does not cover the grounding of an entire world fleet.

Interest payments on the DC-10s will still have to be met, and pressures from original lenders could be a serious problem for small airlines moving into the big-jet business for the first time, especially if those airlines are *independent* and not supported in any way by Governments (as many of them, of course, are outside the U.S.)

Insurance companies, which may be bearing not only hull risks on the grounded DC-10s but also providing cover for loss *of earnings* by the airlines, may also find themselves required to pay out for the engineering or design modifications to the aircraft, especially if these should *prove to be major*. One consequence is that aviation insurance premiums may have to rise.

It is here that "product liability insurance" may come strongly into force—for whatever part or parts of the DC-10s are eventually found to be faulty, and judged responsible for the grounding, there will be a manufacturer somewhere—perhaps going back a long way through the process even to the *supplier of the original metal* from which the offending parts were shaped—who could be proved liable in law.

Generally, most manufacturers, especially in aviation, are now fully aware of the inherent dangers, as a result of past well-publicised accidents, and are fully covered by product liability insurance that runs into many hunreds of millions of dollars. The insurance market, in the end, is likely to bear the brunt of the financial burden of the entire DC-10 situation.

The DC-10 situation, in its scale, is unprecedented. It is the nightmare that everyone in world civil aviation has always hoped would never hapen—and, indeed, generally believed never would, as more and more wide-bodied jets left the factories and logged an ever-expanding total of flying hours. Now that it has occurred, it has been a major shock to the airline and aircraft manufacturing industries from which they may take some time to recover.

MEN AND MATTERS

Dial-a-debt Irish style

ANXIOUS Irish householders were yesterday taking advantage of new "hot lines" installed *by the Republic's Electricity* Board. The lines will operate around the clock, seven days a week, to tell customers the size of their unpaid bills.

The strike by postal workers, now in its fourth month, has created a £20m backlog. In response to radio and TV advertisements, about 60 per cent of households have paid something on account at their *local electricity showrooms*. But the petrol shortage has given country-dwellers ample excuse for not journeying to make such a sacrifice.

The question remains, of course, whether people will start paying up any faster when *they have* dialled to learn the bad news.

The predicament of Donegal is most acute. It is one part of the Republic without STD, so with no telephone operators at work *since* February, and no letters either, its links with the rest of the country have grown more tenuous than usual.

Some of the Irish candidates in yesterday's Euro-elections have been complaining that they were denied their rights to send canvassing leaflets through the post. The government has just responded by asserting that candidates can win more votes by personal conduct.

Beyond the *mountains* of undelivered mail, many of the Irish have almost lost sight of what the 13,000 postal workers are demanding. They started off wanting raises of more than 30 per cent, are now down to 16 per cent—and yesterday at their annual conference pledged, as an Irishman might put it, to keep the stoppage going.

"What a coincidence sir—your letters claiming compensation for your lost letters have gone astray . . . and you've come through to the wrong extension."

Lark down under

It is not quite in the same league as the report on Dowgate, but the Department of Trade investigation into Larkfold Holdings also contains some illuminating incidents. One con*cerns Murray Richard Harrod*, who was a shareholder for three months in 1974. Despite his short-lived involvement, he effectively gained control of the company during this time—by the not-unknown expedient of borrowing £180,000 from Larkfold's ban kaccount and using it to buy 300,000 Larkfold shares.

Like Christopher Selmes in the case of Dowgate, Harrod had been singularly elusive. Having been extradited for some reason to Australia in May 1974, his address remained a mystery until the end of 1976. Two years later, the two inspectors travelled to Sydney after finally obtaining an assurance that Harrod would co-operate.

Harrod then announced six conditions, the three main ones being that he should be allowed to see everyone else's evidence, that he should not be obliged to keep his own evidence secret, and that the DoT should pay hi scosts and expenses. "Per*force*," *says the* report drily, "there the matter was left."

Son of Monty

Viscount Montgomery of Alamein, son of the general, has wisely elected to specialise in a different part of the world from that chosen by his father: his services as a South America expert have just been retained by the Newcastle-based Northern Engineering Industries.

After taking a degree in engineering from Trinity College, Cambridge, he joined Shell and asked to be sent to *Latin America. He was sent in* the opposite direction—to south-east Asia. He did get to Latin America eventually, spending six years there for Shell, followed by 12 for Yardley, during which time he created subsidiaries in eight countries, became a member of the Export Council, and was appointed Honorary Consul of the Republic of El Salvador.

Montgomery, 49, insists that Britain's loss of trade in the area—it is now down to three per cent—could be reversed if companies were prepared to go in for joint ventures. He gets particularly heated when people suggest the continent is unstable—"Some one-party states have been stable for up to 30 years," he says.

Norman conquered

The results of [illegible]y's polling will be studied with a jaundiced eye by engineer Rodric Norman, a British subject living in Belgium. As readers may recall, Norman discovered—like Britons in many other EEC countries—that our strict franchise laws deprive him of any vote in the Euro-elections.

He decided to test the matter by lodging a complaint against Her Britannic Majesty's Government with the Commission of Human Rights in Strasbourg. He has now heard that his case has been declared inadmissible.

Perhaps by the next Euro-election, our rules will have been relaxed, to accommodate Norman and similar expatriates. Or perhaps he will have become as apathetic by then as most of his compatriots.

Detached view

After studying the latest issue of the Building Societies Association bulletin, I feel confident that my mortgage is in the safe hands of clear-sighted men. Under the heading "Future Trends in Lending on New *Houses*" *is this prediction*: "The number of building society loans on new houses in future years will largely depend on the number of new houses built."

Sime again

Earlier this year Guthrie Corporation, the British plantation major, successfully fought off a take-over bid by Sime *Darby Holdings. But the public* relations efforts of both sides indicate that the contest is far from over. Sime Darby has taken five London journalists and six Far Eastern ones on an exhaustive visit of their operations.

Just before the British journalists were about to take their Concorde flight to Singapore they received a surprise telegram. Signed Brian Coates, the *Guthrie managing director*, it said: "Don't believe a word of it."

Good crawler

Card in a Portsmouth shop window: "What offers for 1964 Morris Minor? Recently overhauled (by small boy on a bicycle)."

Observer

A storm in the Tory think tanks

'HE HONEYMOON is almost ver. Conventional wisdom has that it will come to an abrupt nd next Tuesday when Sir eoffrey Howe delivers his first udget. The budget is likely to e an ambitious one, fulfilling iany of the promises made in ie election campaign and conining a few surprises as well. s ministers are putting it, after uesday the political map should ok quite different.

Yet since it would spoil the ın to disclose the budget details ı advance, it might be worth in ie meantime having a look at hat else the Conservatives have een doing during their first few ecks in office. As usual, there as been a certain amount of inghting, though not entirely in ıblic. The Conservative Party not yet quite like the Labour arty.

The event which has struck onservatives most has been the ecision to bring the party's esearch Department under the me roof as the Conservative entral Office. The decision may ot be quite as sinister as some the critics have supposed; nor, nce it has already been parally revoked, may it be quite as portant. It should be linked, wever, to a number of other velopments which have reived rather less attention. One the appointment of Mr. Hugh iomas, the historian, to sueed Sir Keith Joseph as head the Centre for Policy Studies. nother, in a much smaller way, the launching of the Mainream Book Club.

The following is an attempt to ece together some of what has ıen happening. It is by no eans comprehensive and it aves several regrettable holes. ıt it might at least give someing of the flavour.

Two rather positive factors em to have been at work. The st concerns organisation. The ories believe that they won the ection because they were better organised and ran a better campaign than Labour. But in Central Office they have also drawn a number of lessons, not the least of which is that the earlier you start preparing an election campaign the better. Thus the Tories have already begun preparing for the election in 1983-84.

The crucial figure here is Lord Thorneycroft. He has been Chairman of the Party now longer than anyone else since Lord Woolton. He has remained after the election and shows every intention of staying for at least another two years. So what Lord Thorneycroft is doing is setting about improving the organisation in a way which was never possible when the Tories were in opposition because they might have had to fight an election at almost any time.

Lord Thorneycroft is full of talk about "expanding the party outwards." The Labour Party, he says, still has clout in the country because of its connections with the unions in a way in which the Tories do not. It is therefore necessary to go out and increase contacts with local industries and provincial universities.

In control

It was partly for this reason that he decided that the Conservative Research Department (CRD) should end its independent existence in Old Queen Street and be brought into the party headquarters in Smith Square where Lord Thorneycroft is in control. The department, he said, had become "a little bit inwards and upwards," by which he apparently meant that it was out of touch with local industries and local activities in general. There must also have been a natural desire to centralise on the part of a powerful chairman who has just had a great deal to do with a striking electoral victory. But we shall come back to the reasoning later.

The other rather positive factor that has been at work has been a feeling that the intellectual climate of opinion in the country is moving fundamentally in the Tories' favour. The question is how to keep it there. That is the significance of the founding of the Mainstream Book Club whose directors include Lord Blake, the biographer of Disraeli and Provost of Queen's College Oxford, Mr. Leon Brittan, QC, Minister of State at the Home Office, Mr. Jo Grimond, the former Liberal leader, and Mr. John Patten, an Oxford don who became Conservative MP for Oxford at the general election. There is financial backing from Blackwell's to the tune of almost £100,000.

The directors make no secret that they owe their idea to the Left Book Club which achieved a remarkable success in moulding the climate of opinion in the 1930s and actually led to the forming of discussion groups all over the country to compare notes on the latest Book of the Month. Indeed the Mainstream venture was almost called the Right Book Club. Whether it will achieve any comparable results remains to be seen.

One cannot imagine any great rush to buy The Future with Microelectronics, which appears on the first list. But the interesting point is that the club should have been established at all. It is a sign of the way intellectual Tories are trying to capture educated opinion. (Mr. Grimond is associated with the project apparently on the grounds that he believes that the realignment of British politics, for which he used to call in the 1960s, is now more likely to come about between Liberals and Tories rather than Liberals and the Left.)

It was this same desire to make the intellectual running, though in the more restricted economic field, which led to the founding of the Centre for Policy Studies under Sir Keith Joseph and to the decision to keep it going now that Sir Keith is back in government.

Yet in a political party it seems impossible to make changes of organisation without being suspected of more sinister political motives, and it is here that we come back to Lord Thorneycroft and the Research Department. The decision to bring it into the Central Office building was immediately seen by some Tories as part of the Left-Right battle within the party, with the Right appearing to assert itself. The suspicion was fanned by Lord Butler, the former Minister of just about everything and himself a long-standing head of the Research Department. He described the decision as "madness."

Lord Butler's intervention has led to some delicious Tory malice. One very senior Conservative said: "You know, RAB didn't found the Research Department. It was founded by Neville Chamberlain and run by a man called Ball . . . used to be head of MI5." And indeed, on closer inspection, it turns out that there are some very peculiar things about the origins of the Conservative Research Department. Not even the Tory historians, including Lord Blake, can agree on who did found it.

Mr. Robert Rhodes James, the historian and Conservative MP for Cambridge, says that it was J. C. C. Davidson, the Chairman of the Party from 1926-30. Others say Chamberlain. The role of the man called Ball is even more mysterious. He died as Sir Joseph Ball in 1961, and of his MI5 connections in both World Wars there seems to be little doubt. Some people say that he was once the head, and it is suggested in Iain Macleod's biography of Chamberlain that he was a secret intermediary between Chamberlain and Mussolini. No one else seems willing to go any further and even Macleod is said to have refused to expand in conversation. It is alleged, however, that he destroyed all his papers shortly before his death. Even odder, the records of the pre-war Conservative Research Department have disappeared.

Skeletons

All that may seem a digression, though it does suggest that there are some skeletons in the Tories' cupboard. But there is one way in which the debate about the department in Chamberlain's day is relevant to the debate today. After the huge Tory victory in the election of 1931, there was apparently an attempt to get rid of it on the grounds that it was too powerful and that it was no longer needed once the party was back in power. Chamberlain resisted successfully. His defence of the department was that it was not the job of civil servants to work out party policy for a future general election. For that a party body was required, and only the Research Department could do it.

That is exactly the argument that the critics of Lord Thorneycroft's decision are making today. They say that the CRD should be above the day to day battle and party organisation. It should be encouraged to think long term. For that it needs a separate existence. Such has been the strength of the reaction that Lord Thorneycroft has made a partial concession. He says that he is now looking for premises which would allow the department to have its own sort of common room, to which its members can retreat from time to time. But he is unlikely to go much further. The basic decision to move it into Central Office is a firm one, and some of its desks, such as local government, will be located there.

What is the significance of all that? The theory that it is a battle between Left and Right does not entirely stand up for the simple reason that Lord Thorneycroft is not really of the Right. He is a pragmatist and a sceptic. My own view is that he is essentially a centraliser, a man who knows he did well in running the last election campaign and who is determined to prepare the ground for the next. In one sense he even shares the view of Neville Chamberlain that the party should always be preparing for a future general election. But he would go about it in a different way.

Yet there is one element in the story which suggests that policy rather than organisation might be playing a role after all. It concerns the Centre for Policy Studies, which has been identified with Sir Keith Joseph and, therefore, with having an influence on Mrs. Thatcher ever since its foundation four years ago. It has also been seen as a deliberate rival to the more Leftish inclinations of the Research Department. The intriguing question is what it will do in the future.

Recent convert

Mr. Hugh Thomas, the Centre's new head, is best known for his book, The Spanish Civil War, which is generally regarded as definitive. He is also a recent Tory convert, having turned against the Labour Party on the grounds that it had

Lord Thorneycroft

abandoned free enterprise. At the Centre he will be unpaid and part-time, preferring to make his living from his books. He has not yet formulated his own programme, except to say that it will be more international than in the past.

But there appears to be more to Mr. Thomas's appointment than meets the eye. There is a belief in some Tory circles that he was first offered the job of head of the Research Department. One is assured that in any formal sense that is untrue. What has happened, however, is that there have been talks both with Sir Keith and Lord Thorneycroft about how the Centre and the Research Department might better work together. There is the suggestion, for example, that the Centre might put up an idea for a study group, then let the Research Department do the research. The department would presumably report back to the Centre.

It is also clear that Sir Keith will remain in close touch with his old hunting ground, and through him so will Mrs. Thatcher. Mr. Alfred Sherman, sometimes known—in a reference to Sir Keith—as the "éminence grise to the éminence grise," is remaining as Director of Studies. Thus the Centre should be no less important, and could be more so. One theory from which Mr. Thomas does not dissent, is that Sir Keith wants to preserve it as the keeper of the conscience of the free market economy and as a kind of antidote to the kind of advice the Government will receive from the civil service.

Anyone can make of all that what they wish. There is certainly enough ground for those who want to construct a conspiracy theory, though my own view is that that is somewhat exaggerated. It assumes, for instance, that there is a master plan. There is a Left and a Right in the Tory Party, just as one would expect. There is also at present something of an intellectual ferment. The battle for the soul of the party could get out of hand, but that has not happened yet.

Meanwhile, it is perhaps worth remembering that the future of the Government depends on its handling of the economy. It is all very well talking about establishing a decade of Tory power, but it will mean nothing if the economic policies fail to work. Hence the importance of the Budget on Tuesday. The political map could indeed look quite different after that.

Malcolm Rutherford

Letters to the Editor

National assets

'om Mr. M. Moon

Sir,—Selling nationalised ımmercial assets offers advanges far beyond raising funds balance the Government's oks. The nearest historical uivalent is the disposal of onastic assets by Thomas omwell in 1537; the consences were immediately neficial for Henry VIII's asury but the longer-term onomic and social improvent has seldom been accorded oper importance. The rush volunteers from the City and sewhere to conduct the "sale the century" should be sisted for the time being, so at full advantage is obtained om this radical change.

For instance, there is a case r retaining a majority share lding in BP and it may be tter to have BP take over itish National Oil Corporan, expand the equity in BP ereby and sell some of these ares. I cannot sustain the gument, with authority one y or the other but clearly, the BP holding is reduced low 51 per cent, this BNOC tion is closed.

Transport assets offer a ımber of possibilities. Floatg off Sea Link as an independent company would be desirle: competition on crossannel services would become ss distorted and disposal oks simple, both in principle d practice. Many road transrt assets, however, could ith advantage be broken up to modest units for sale with neficial results for the naller business sector. The mptation is to sell off netorks as a whole, because it ay be quick and convenient to do, whereas the disposals, properly organised, could also juvenate much of the transrt industry.

Consider the Forestry Comission. It would be easy to ll off, by public auction, if cessary, much of the existing oductive forest and thereby ise say £300m. It would, owever, be better first of all hive off some forest areas of rticular public interest and ace these under the control the Countryside Commission. he remaining assets could ıen be divided into productive rest units, which would form ıe basis of a truly commercial ıd successful British forest idustry. The present situation unsatisfactory and, unless we ke this opportunity to create ı integrated industry, the roblems of the Fort William ulp mill will be duplicated sewhere. If the National nterprise Board is to continue, ere is an archetypal role after s holdings in viable commeral companies have been sold ff.

The most advantageous disosal policy must rest on a deep nowledge of the many inustries concerned fortified by esolution, not only to achieve good financial out-turn but lso to conserve the economic enefits of denationalisation.

Iichael Moon.
ulham House,
angbourne, Berks.

Making tax cuts

rom Mr. F. Field, MP.

Sir,—It is good to welcome amuel Brittan (Lombard, June) as a recruit to a small group f us who wish to bring under ontrol the tax allowance welfare state. This second welfare state, which disproportionately benefits higher income groups, has grown like Topsy over the past couple of decades and gives us the worst of all possible worlds.

The growth of the tax allowance welfare state is now so generous that only about 45 per cent of personal income is taxed. Because of this narrow tax base marginal tax rates are high, but once the exempted income is taken into account both marginal and average rates fall dramatically. A man on £15,000 a year pays an effective average rate of 22 per cent. Yet sadly, almost everybody is fooled by the current propaganda about how crippling high tax rates are.

There is a great deal of discussion on the control of public expenditure (which is not necessarily synonymous with cutting it). But the area of public expenditure over which Chancellors have almost no control is the tax allowance welfare state. It is estimated that the abolition of the non-structural personal allowances would allow the standard rate to be cut by 7p.

What is so unfair about the Tory Government's plans is that all the emphasis is placed on cutting the traditional welfare state to help pay for tax cuts. The tax concessions will benefit primarily the rich. So higher income groups win twice over: from the tax cuts and the effect that the tax allowance welfare state remains unscathed.

Samuel Brittan is the first of those on the extreme Right to come clean on the fairest way of making tax cuts, and all credit to him.

Frank Field,
House of Commons, SW1.

Samuel Brittan writes: I am very grateful for Frank Field's letter, except that I can hardly be described as a "recruit" to a position I have always held. Such misunderstandings might be less frequent if inaccurate and misleading labels such as "extreme Right" were not applied so glibly to those who want to make more use of market mechanisms.

Distribution and petrol

From the Managing Director Tesco Stores (Holdings)

Sir,—Of course Alan McKinnon (May 31) is right. Britain's 350,000 small shops remain crucial to the future of UK retailing—not least for their accessibility. The only problem facing such shops during a period of energy inflation are the distribution costs involved in handling the smaller loads required which, inevitably, tends to inflate the shelf price of the goods themselves. I am sure this matter is already commanding the attention of the small shops research units trading federation.

This said however, Mr. McKinnon then goes on to question the future role of stores on the grounds that while rationalising in retailing certainly cuts distribution costs, the inaccessibility on such units tends to transfer rising energy costs to the consumer. This is exactly the case we have been submitting to both central and local government for the past three years—and one which formed a central part of the paper I delivered to the NEDC at Winchester. Traditionally, large stores were peripherally located. Since 1976, however, my company has consistently argued that such a strategy is nonsense based, as it is, on the received wisdom of the 1960s that oil was an infinite resource and, consequently, that the growth of power ownership and the personal mobility virtually inexorable. Now we know better and recognise that the flaws in such an argument are two-fold.

On the one hand, of course, a third of the population still does not own a car and it is exactly this group (largely composed of the very economically deprived element of the community) who would benefit most by having access to the price economies of centrally located large stores. On the other hand, rising fuel costs will indeed operate against the economies to be achieved by large store retailing if such units continue to be located on fringe sites.

Thus, if I may be allowed to summarise by quoting myself from Winchester: "As we see it, the established need is to centralise the development of larger stores in order to minimise high cost energy consumption (thereby containing inflation) in the distribution sector while ensuring that such cost effective units are available to the entire population and not simply to those fortunate enough to have access to a car."

Or could it be that Mr. McKinnon objects to large stores, in principle? This, of course, is quite a different matter though I suspect from the tone of his letter that we share a common concern in ensuring that retailers continue to play a role in combating inflation "in the shopping basket" in the interests of the public at large—a concern shared by small and large shopkeepers alike.

I. C. MacLaurin.
Tesco House,
Delamere Road,
Cheshunt.

Watching the screen

From Mr. D. Woolard.

Sir,—If the NEI Parsons—APEX agreement (June 4, Back Page) is looked upon by both sides as not only a breakthrough, but highly pleasing, I, as an engineer, can only assume that both the company and the union are composed of twentieth century Luddites but instead of destroying the machinery they over-man it and work half-time, thus achieving non-competitiveness and low productivity.

Since visual display unit operators must not risk eye-strain, do we assume they never watch TV without taking 20 minute breaks every hour? I have not heard of any bad effects from sustained VDU scanning and understand that extensive tests have been carried out without any hazards being found.

If either the company or the union has firm evidence to prove VDUs are dangerous to health, they have a public duty to disclose it.

Duncan J. Woolard.
23, The Middlings,
Sevenoaks, Kent.

Prospects for graduates

From Mr. W. Kirkman

Sir,—In his article (June 5) about the likely effects of the Government decision to stop recruitment to the civil service, Michael Dixon draws attention to the sudden worsening of prospects for graduates emerging from universities about now. He might have mentioned another point as well. When, in the early 1970s, industry reacted to an economic crisis by drastically reducing, and in some cases stopping altogether, the recruitment of graduates, the effect was first felt by the graduates, but then a reaction set in and for several years subsequently graduates were understandably reluctant to apply for industrial jobs. This reluctance continued for a long time after the demand for graduates had picked up again. Indeed, it is only in the past three years that graduates have been choosing to enter industry in the increasing numbers which are undoubtedly necessary.

The same reaction of antipathy may well follow in the case of the civil service. Experience shows that you cannot turn demand on and off like a tap and expect immediate response. In two or three years we shall probably be hearing a great deal about the need to encourage more good graduates to enter the civil service.

W. P. Kirkman,
Cambridge University Careers Service.
Stuart House,
Mill Lane,
Cambridge.

The price of land

From Mr. S. Sellers

Sir,—Speculation has taken its strong and irresistible grip on investors in agricultural land. The experts, the estate agents, are justifying current price levels with a multitude of arguments in a number of journals. I am sure interested parties have read them many times.

A couple of desperate examples I particularly like. "You thought yesterday's price level was ridiculous as well." This to me indicates only that today's buyer is a bigger speculator. And "Land in the EEC is still much dearer." No attempt is made here to consider relative product prices, exchange rates, taxation, governmental attitudes or the supply factor. Of course space prevents such a balanced discussion of all these factors!

There seems to be only one concrete demand factor and that is the financial institutions. Their investments to date are only a small proportion of their portfolios. The professional view here is that they will maintain or increase this proportion in the future. I think a more logical view would be if the price rises slowed down so would institutional investment.

Any investment manager, particularly those involved with unit trusts and property funds, do not like to be "locked in" to an investment. Who could afford to buy these large estates today if they were put back onto the market? Not unreasonable to adopt this view with the prospect of more economic problems, government legislation or perhaps a change in investment strategy by the pension funds.

I would advise potential investors to sit tight and make sure they are comfortable as the next five years should prove enlightening. Resist the estate agents' arguments, remember they are essentially marketing men—ever heard of consonance and post purchase dissonance reduction?

S. D. Sellers.
Le Rêve,
Anne Port Bay, Jersey, CI.

Today's Events

GENERAL

U.K.: Publication of delayed trade statistics for February, March and April.

Final day of Post Office Engineering Unions conference, Winter Gardens, Blackpool.

Prince Charles visiting headquarters of the Amalgamated Union of Engineering Workers (Engineering Section), 110, Peckham Road, SE15, 9.30 am.

Lady Kagan and others appear on remand accused of conspiracy to defraud Inland Revenue, Magistrates Court, Leeds.

Statement by Church of England on coming General Synod to be held from July 2-6.

Variety Club of Great Britain luncheon for BBC Disc jockeys involved in raising charity, Savoy Hotel, London.

Sir Kenneth Cork, Lord Mayor of London, attends Feltmakers' Company dinner, Mansion House, 7.30 pm.

Overseas: Swedish Government in talks with Esso, British Petroleum, Shell and Texaco on possibility of increasing oil supply to Sweden.

Final day of U.S.-Japan economic conference, Washington.

Pope John Paul II continues visit to Poland.

COMPANY RESULTS

Final dividend: Bishop's Stores. **Interim dividend:** Thomas French and Sons.

COMPANY MEETINGS

H. Goldman, Glider House, Claremont Road, Cricklewood, NW, 4. Haden Carrier, 7-12, Tavistock Square, WC3. Hunting Gibson, Avenfield House, 118-127, Park Lane, W. 10. Lead Industries, 14, Gresham Street, EC, 12. Petrocon, Petrocon House, Rosemount Avenue, West Byfleet, Surrey, 12.30. Prince of Wales Hotels, Prince of Wales Hotel, Lord Street, Southport, 12. Taylor Woodrow, 52, St. Catherines Way E, 12.

SPORT

Golf: Amateur Championship, Hillside. British Women's Championship, Nairn. **Tennis:** Beckenham £13,000 Open Championship. Greater Manchester tournament. **Cycling:** Tour of Britain Milk race Darlington to South Shields. **Motor Cycling:** Isle of Man TT. **Yachting:** Weymouth Olympic week.

BP soars in first three months despite crude oil cutbacks

BETTER OIL trading margins, a £40m increase in the contribution from the Sohio venture and stock appreciation boosted 1979 first quarter taxable profit of **British Petroleum Company** by more than £212m to £724.1m.

At the attributable level net income was ahead from £85.6m to £281.9m, compared with £152.4m in the final quarter of last year. *Earnings per share* are stated 50.8p higher at 72.9p.

Due mainly to inclusion of sales through the interests acquired from Veba in Germany, petroleum product sales were 4.9 per cent higher at an average 2.7m barrels a day but crude oil volume was 9.7 per cent lower.

Overall group sales and operating revenue reached £4.06bn (£3.35bn), excluding duties and sales taxes, and other income was £89.8m (£62.6m).

Production from the Forties Field during the three months was marginally better at 472,000, against 455,000, barrels a day and the group's share of Alaskan production reached 634,000 barrels a day, compared with 437,000 barrels last time when throughput was restricted by damage to a pump station.

Following the disruption in Iran, however, the supply position remained difficult and BP was obliged to reduce contractual crude sales by 45 per cent over the quarter.

A shortage of naphtha, the road haulage strike and the *severe winter hit operations in* the groups chemical business. Also prices did not rise sufficiently *to cover the considerable* increase in the cost of feedstock, the directors say.

The improvement in oil trading margins was most notable in Europe where "product prices continued to harden from previously inadequate levels." The stock appreciation element in reported earnings only partially covers the cost of replacing stocks at the higher prices, they point out.

Group capital spending during the three months was held at £234m (£236m) with an increase in UK expenditure from £76m to £98m. *In addition the purchases* from Veba, acquisition of Monsanto's chemical interests and completion of the purchase of the Clutha Coal interest in Australia totalled £330m.

HIGHLIGHTS

The contribution from North Sea and Alaskan crude oil and healthy downstream profits from Europe have boosted first quarter net income from **BP** so Lex points out that the momentum has not just come, as first supposed, from stock profits. Lex also looks at the latest tome from the Department of Trade which has published the results of its investigation into **Larkfold**. The outcome of the latest year's trading from a crop of plantation companies, notably **Harrisons and Crosfield** and **Guthrie Corporation**, is also examined in the column as is the latest takeover move by **BTR**. The new executive chairman of **Bestobell** has hardly had time to settle in after his departure from **P & O** since BTR is limbering up for a bid worth 200p, or £26m.

Glynwed waits for Budget

It would be foolhardy to make a confident profit forecast for 1979 with the Budget of a new Government only five days away, Mr. Leslie Fletcher, chairman of *Glynwed, told shareholders* at the annual meeting.

"Profitability in 1979 will depend to a large extent on the measures which the Government must take to boost the level of activity of manufacturing industries. Reductions in public expenditure should be concentrated *on revenue spending* and we, as a group, would be unhappy to see any material cuts in Government capital expenditure, particularly in the field of construction," Mr. Fletcher said.

He said turnover in the first four months was virtually unchanged despite the road haulage strike.

In the last full year the engineering and building products manufacturer turned in taxable profits of £16.08m (£13.03m).

Airflow hit by motor disputes

Strikes in the motor industry and the haulage dispute hit *Airflow Streamlines. In the year* to February 28, 1979, the taxable surplus fell from £910,455 to £603,015 on turnover ahead from £10.9m to £11.8m. At midway the surplus fell from £456,000 to £402,000.

The directors say the motor industry strikes meant that the high level of demand projected for the manufacturing side could not be fulfilled.

The motor division increased profits despite restricted supplies because of the Ford dispute.

Demand is now high for product lines in the manufacturing *division and the motor side has* increased the volume of sales.

The net profit is down from £648,596 to £562,515 and—after £51,882 waived dividends—the retained surplus is £445,360, against £520,847.

Basic earnings per 25p share are shown to have fallen from 12.59p to 10.38p. The final dividend of 2.116p net lifts the total from an adjusted 2.465p to 2.741p.

Doreen jumps to £1.5m

Doreen Holdings, the Dublin-based ladies fashion manufacturing and retailing organisation which recently acquired 60 retail fashion stores in the UK, announces a 67 per cent jump to £1.51m in pre-tax profits for the year ended March 31, 1979.

Group sales increased by 68 per cent to £15.95m in 1979. Before receipt of Employment Maintenance Subsidy profits showed a 46 per cent rise.

Adjusting *for a lower tax* charge arising from higher levels of exports and employment together with UK stock relief the profit attributable to ordinary holders was £1.35m compared with £727,000.

The Board recommends an increased final dividend of 5.430p (3.233p) making a total dividend of 6.568p (4.108p) per share.

A. Cohen recovers in second half

A SECOND-HALF recovery lifted taxable profits of **A. Cohen and Co.**, metal refiner and non-ferrous alloys manufacturer, from £1.78m to £1.96m in 1978. Turnover was higher at £47.84m, against £44.03m.

At midway, the surplus was down from £1.1m to £0.62m. However, the directors believed full-year pre-tax profits would not be less than in 1977, but net surplus would be lower.

Stated earnings per 20p share are down from 39.5p to 26.34p. The net final dividend of 3.855p lifts the total to 6.005p (5.43p). Minorities total £438,114, against £406,402.

Morgan Crucible ahead at 3 months

TAXABLE PROFITS of **Morgan Crucible Company**, the international group supplying sophisticated components and materials to industries worldwide, rose from £2.66m to £2.97m in the three months to April 1, 1979. Third party sales were higher at £26.47m, against £24.39m.

In the last full year, profits reached £12.27m on sales of £100m.

Mr. Ian Weston Smith, chairman, says the first-quarter performance was creditable considering the transport strike. Only the thermic division produced a lower trading profit, at £1.16m compared with £1.29m. Exports are generally strong, he *adds.*

In the quarter, tax less grants for capital expenditure took £1.23m (£1.14m). Deferred tax has been accounted for on the basis of SSAP 15.

Stated earnings per 25p share are up from 3.4p to 4p. Trading margin is shown at 13.2 per cent (12.9 per cent).

Sales to third parties overseas represented 56 per cent of total sales compared with 57 per cent last time.

Carbon division trading profit was higher at £1.64m, against £1.34m, on sales of £11.78m (£11.01m).

● comment

Morgan Crucible's carbon division, which contributes around 45 per cent of sales, underpinned the 11.5 per cent first quarter improvement in pre-tax profits. Margins edged up from 12.2 per cent to 13.9 per cent on the back of trimmed overheads and better throughput at its plant in Wales. The thermic division—next in size to carbon—was hit hard by the transport drivers' dispute in January and its margins were cut from almost 15 per cent to around 12.6 per cent. But there has been a sizeable catch-up benefit flowing to the division in the months since the strike was settled. Its products are used to conserve energy and will get an added boost from the latest round of oil price hikes and shortages. If current trends *continue a full year figure of* around £14m could be achieved. The shares closed without change at 137p yesterday where the prospective p/e would be 8.9.

Buckley's Brewery

Reduced profits in the second half for **Buckley's Brewery** left the pre-tax figure for the 52 weeks ended March 31, 1979, down from a peak £861,606 to £811,239. At midway, the surplus had improved by £33,545 to £466,110.

Turnover for the year progressed from £6.94m to £7.29m, while profits included a lower associate contribution of £65,733, compared with £80,861.

Tax takes £273,435 (£327,421), leaving net *surplus marginally* ahead from £534,185 to £537,804. Earnings per 25p share are unchanged at 5p, with the total dividend raised to 1.975p (1.7875p) by a final of 1.375p. Retained profit emerged at £321,377 against £337,759.

Current cost pre-tax profit is shown at £687,538 (£764,604).

Elson and Robbins marks time

TAXABLE PROFITS of **Elson and Robbins** were virtually static in the first half to March 31, 1979, but the results were affected by the lorry drivers' strike.

On turnover ahead from £8.7m to £9.6m the spring and vinyl foam group turned in taxable profits of £949,866, against £935,538.

The Board says the group's position at midway is in line with the company's development programme, and *they re-iterate* December's statement that the company will continue to strengthen.

Tax for the half year takes £458,511 (£444,703) and stated *earnings per 25p share are up* from 7.23p to 7.31p. The interim dividend is lifted from 1.351p net to 1.509p. Last year's total was 3.493p.

Good first year at L & G Unit

A successful first full year of operation is reported by Mr. John Elbourne, the manager of Legal and General Unit Assurance, the linked-life subsidiary of Legal and General Assurance Society.

Total funds under management at the end of 1978 amounted to £9.4m, of which £8.7m were life funds and the remainder in pension funds. The company was launched in October 1977 and this is the first annual report to be published.

The company has six funds under management — cash, equity, fixed interest, international, property and a managed fund which is a mix of these five. The most popular has been this managed fund which totalled £4.5m at the year-end. Its holdings are almost entirely in units of the other funds and its unit price at end-1978 amounted to 129.6p compared with a launch price of 100p.

The equity fund reached £2.9 at the end of 1978 with a unit price of 135.6p against 100p at launch, while the fixed-interest fund was £2.6m with a unit price of 127.1p against 100p at outset. The property fund showed a slower growth amounting to £1.9m with a unit price of 109.4p.

Engineering decline holds 600 Group to £0.6m rise

A POOR performance by engineering products and services division held back the 600 Group in the year to March 31, 1979.

On turnover ahead from £175.2m to £197.6m the taxable profits rose from £11.31m to £11.9m.

Two divisions improved their profits. The iron and steel and services side lifted taxable profits from £945,000 to £2.27m and the machine tools division went ahead from £6.93m to £8.05m. But the engineering products operations declined from £3.6m to £1.56m.

The final dividend of 2.52p net per 25p share raises the total from 4.1146p to 4.5554p. Stated earnings are up from 11.8p to 12.6p and from 11p to 20.6p after extraordinary items.

	1979 £000	1978 £000
Turnover	197,622	175,220
Operating profit	16,454	15,230
Depreciation	2,673	2,302
Interest charges	1,905	1,448
Trading profit	11,876	11,480
Associates	20	170
Profit before tax	11,896	11,310
Tax	5,799	5,792
Profit after tax	6,097	5,518
Exchange loss	609	395
Extraordinary items	†4,215	45
Minorities	322	105
Profit attributable	9,381	5,063
Preference divs.	93	93
Ord. Divs (Note 6)	2,066	1,852
Profit retained	7,222	3,118

† Principally surplus on disposals £1.69m, release of tax provision £3.32m, less associates' provision £0.87m.

● comment

Much as expected, wider margins on scrap and an encouraging upturn in the 600 Group's machine tool division have contained the effects of a severe worldwide recession in construction equipment to leave profits ahead by 5 per cent. Machine tool growth has come from the existing business and there should be a substantial boost once recent heavy capital investment comes on stream towards the end of the year and the joint venture distribution arrangement with Clausing makes itself felt. Against that, a further improvement in scrap margins this year may be difficult, although the industry probably needs a good deal more, and important orders for cranes in the engineering products division are still obstinately hanging fire. The UK construction industry is slowly rousing itself and 600 should make a better margin on the capital redeployed following the recent sale of the major steel stockholding operation. But until the crane contribution is substantially lifted, it is difficult to envisage anything other than low growth this year, a prospect which a p/e of 7.1 at 92½p, down 1½p yesterday, probably recognises.

BRIDGEND

The Board of **Bridgend Processes** states that owing to difficulties with a major licensee who produces a substantial part of the group's income, it is unlikely that the 1978 accounts will be ready for publication before July 27.

A preliminary announcement can be made within 48 hours of the matter being satisfactorily resolved.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Airflow	2.12	July 20	1.83*	2.74	2.46*
Anglo-Transvaal Consd.	120¶	Aug. 2	90	150	115
Bishop's Stores	1.61	July 11	1.4	2.89	2.61
Brent Walker	1.03	July 23	0.9	1.38	1.25
Buckley's Brewery	1.38	July 13	1.24	1.98	1.79
A. Cohen	3.86	Sept. 1	3.5	6.01	5.43
T. Cowie ....int.	0.8	July 27	0.73	—	2.27
Culter Guard Bridge	1.5	—	1	1.5	1
Dobson Park ....int.	1.65	Sept. 20	1.5	—	4
Doranakande Rubber	1.7	July 21	1.12	2.25	1.45
Doreen Holdings	5.43	—	3.23	6.57	4.11
Elson and Robbins ...int.	1.51	July 20	1.35	—	3.49
Guthrie	15	July 20	9	21	15
Harrisons Cros	17.53	Aug. 1	17.4	24.03	21.78
Hickson & Welch ...int.	1.5	Aug. 31	1.33	—	3.86
Leigh Interests§	4.3	—	3.5	6.5	5.5
Middle Wits.	22.5¶	Aug. 2	15	35	25
600 Group	2.52	July 27	2.27	4.56	4.12
J. Smart ....int.	0.61	July 2	0.55	—‡	2.03
Warren Plants.	5.91	July 19	5.03*	8.25	7.34*
WGI	4.5†	—	3.8	7	5.8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of 1.625594p forecast. § Gross throughout. ¶ South African cents throughout.

Culter Guard advances

CONTINUING ITS recovery from the near £1.2m loss three years earlier, **Culter Guard Bridge**, paper maker and converter, lifted taxable profit for the 12 months to March 31, 1979, *from £508,000 to £787,000*, with a £227,000 advance in the second half.

The improvement was mainly due to a 12 per cent rise in the *value of sales to £22.41m.* Mr. Roger Fleming, the chairman, says the company is confident of a profitable future.

Stated earnings per 25p share were up at 4.79p (3.83p) for the year and the net dividend is raised from 1p to 1.5p, and costs £112,000 (£75,000).

Net surplus emerged at £358,000 (£286,000) after tax higher at £429,000, against £222,000. Retained profits amounted to £246,000 (£211,000).

Exports grew 58 per cent and there was a firm and consistent demand for plain papers during the year. The coated paper market was less steady, although *overall demand in this sector was stronger* than for some years, says Mr. Fleming.

In fine papers low-priced imports have made inroads into the UK market and, though paper prices have risen, manu*facturers'* margins have not improved.

It was a *difficult year on the* conversion side of the business and Smith and McLaurin was unable to obtain adequate prices to cover rising costs. However, with modern equipment recently installed, this company should be able to progress in new markets in due course, the chairman adds.

Harrisons and Crosfield finishes little changed at £52m

PRE-TAX profits of **Harrisons and Crosfield** were little changed at £52.3m for 1978 against a restated £53.3m previously, on turnover down from £579m to £546m.

Figures included results of Malayalam Plantations (Holdings) and Harcros Investment Trust from their date of acquisition.

The relevant share of results of Harrisons Malaysian Estates for 1977 and 1978 have been included in the figures.

The offer, on May 15, 1978, to acquire all the shares in HME not owned by H. and C., increased its holding by 56 per cent and in view of the relative sizes of the two groups, this increased holding, together with the 16 per cent interest held at December 31, 1977, has been reflected in the results on merger accounting principles.

The directors state that because of the bad weather coupled with the industrial problems, the group's chemical manufacturing companies, and some of the timber merchanting side, started the current year somewhat indifferently.

However, plantation interests, chemical merchanting in Canada and some of the general trading operations are currently ahead of last year, and directors say taken overall the out turn for 1979 is expected to be another satisfactory result.

	1978 £m	*1977 £m
Turnover	546	579
Profit	54.3	†54.8
Interest payable	2.0	1.5
Profit before tax	52.3	53.3
Taxation	23.9	26.5
Net profit	28.4	26.8
To minorities	4.8	5.7
Preference dividends	0.1	0.1
Earnings	23.5	21.0
Exchange losses‡	0.5	1.0
Extraordinary credit	0.2	0.6
Attributable	23.2	20.6

* Restated. † £24.8m previously reported for 1977. ‡ On net current assets.

After lower tax of £23.9m (£26.5m) for 1978, minorities and preference dividends, earnings were higher at £23.5m compared with £21m or 52.7p (51.7p) per £1 share.

As forecast in December 1978, at the time of the offer for Sabah Timber, a final of 17.53p is recommended lifting the total distribution from 21.78p to 24.03p net, costing £10.9m for the year.

Despite lower crops from plantations at the beginning of the year due to drought conditions, selling prices improved and profits were maintained, directors state.

Although British Chrome and Chemicals' production was hampered by temporary failure of kiln refractories in the second half, record profits were achieved in most activities elsewhere in the UK and overseas.

Turnover in the timber division improved, but margins suffered from competition in less buoyant markets. Profits were slightly below those for 1977.

Earnings from tea trading fell in sympathy with the market and reductions in certain other activities exceeded surpluses elsewhere. The base for comparison also changed with the transfer of the Indian results in 1978 to associated companies.

See Lex

WGI advances by 72% to £2.06m

AN OUTSTANDING performance by the civil engineering division enabled WGI to boost taxable profits by 72 per cent in the year to March 31, 1979. And the construction and engineering group is, as forecast, lifting the total dividend from 5.8p to 7p with a final of 4.5p. Treasury approval has been given.

Pre-tax profits for the year jumped from £1.2m to £2.06m on turnover ahead 52 per cent — from £23.9m to £36.4m. The civil engineering side hoisted its surplus from £117,641 to £1.16m.

The results also reflect a continuation of the midway improvement when the taxable surplus advanced from £496,870 to £972,385.

And the directors say the order books at the start of this year are very encouraging in all divisions.

Last year the mechanical and structural side improved its position and the refractories division maintained profits, despite the fact that its largest customer, the steel industry, has been operating well below capacity.

	1978-79 £	1977-78 £
Turnover	36,361,494	23,872,557
Civil engineering	13,443,608	7,941,652
Refractory	4,705,578	4,484,871
Process eng.	12,356,681	7,619,941
Mech. & struct. engineering	5,855,677	3,826,093
Profit	2,239,835	1,196,809
Civil engineering	1,156,447	117,641
Refractory	564,149	558,990
Process eng.	352,112	334,536
Mech. & struct. engineering	281,127	185,642
Int. not charged to divisions	182,676	—
Profit before tax	2,057,159	1,196,809
Tax	555,202	242,045
Profit after tax	1,501,957	954,764
Extraordinary debit	567,615	†38,580
Available	934,342	993,344
Dividends	379,264	272,133
Retained	555,078	721,211

† Credit.

Disappointing profits in the process operations were caused by industrial action affecting one large contract. But West's Prochem, which is part of the division, is ahead of schedule in profits and turnover.

The three companies acquired during the year, Cawthraw and Company, Dowsett Piling and Foundations and Geo. Sands and Son, made only a marginal contribution to the results.

Tax, adjusted for SSAP 15, takes £555,202, compared with £242,045. The net figure is ahead from £954,764 to £1.5m and stated earnings per 25p share rose from 20.8p to 31p.

There is an extraordinary debit of £567,615 against a £38,580 credit. The debit included £601,136 for the write-off of the excess cost of shares over net tangible assets of subsidiaries acquired.

After the debit the available profit is down from £993,344 to £934,342.

● comment

WGI offered final proof yesterday that the horrors of 1977 are long past. Recovery has, in the event, been easily achieved and a 72 per cent improvement takes profits on to new and probably tenable ground. The shares added 6p to 124p but a fully taxed p/e of 5.9 is possibly making too much of the volatility of civil engineering Middle East orders which have played such an important role in this *renaissance*. Certainly, the level of work in Saudi Arabia and Bahrain may be difficult to hold in 1980, although the current year looks secure, yet the group is seemingly confident of a quiet but determined rise in UK activity to make up for any overseas shortfall. A slight upturn in the refractory contribution gives some evidence of the group's defensive qualities in a very taut steel market but if profits are to go anywhere much beyond £3m pre-tax this year, an improvement in process engineering will presumably play a big part. The effects of industrial action on a major North East contract are being played down for the moment but, given the important caveat that labour disruption will not recur, WGI stands a reasonable chance of imposing 1977 margins on to 1978 process plant turnover. Meantime an historic yield 8.7 per cent offers some support if process engineering runs into further damaging strikes.

Dobson Park improves 4% to £6.63m at six months

ON SALES some £7m higher at £71m, **Dobson Park Industries**, the mining and specialised engineering group, improved taxable profits from £6.35m to £6.63m for the six months to March 31, 1979. In the previous full year, a record £13.39m surplus was achieved.

Orders for mining roof supports and Kango hammers remain at a good level and the directors are confident of a continuing good performance from these areas of the group's business.

However, the immediate future for the engineering division will continue to be affected by the state of the generator market and by the slow recovery in some other markets for its products.

Furthermore, they say trading results from overseas subsidiaries will be influenced by the continuing start-up expenses of new mining machinery offshoots, while German subsidiaries are suffering from the relative strength of the mark.

Nevertheless, the directors express confidence about the long-term outlook for the group.

After a higher half-yearly tax charge of £2.57m (£2.02m) earnings fell from 7.3p to 6.1p per 10p share. The net interim dividend is raised by 10 per cent from 1.5p to 1.65p and at least a similar increase in the final is forecast—last year's final was 2.5p.

The directors add that the amount of this year's final payment will be decided in the light of dividend legislation and tax policy, and the outcome of current negotiations with Mining Supplies.

The talks concern a possible merger between the two companies by way of an offer by Dobson Park for the whole issued capital of Mining Supplies.

● comment

Dobson Park is entering a period of sub-normal profits growth due to the less buoyant conditions in the engineering division (37 per cent of group sales in 1977-1978), which stem mainly from the drop in demand for Markon alternators in the Middle East and Nigeria. In the first half, this was exacerbated by industrial problems and the bad weather, and group profits rose by only 4 per cent. Elsewhere, the important mining division continues to lead the way, in spite of some downturn in deliveries of spares to the National Coal Board. This was more than offset by the large orders from China and Australia. Overall, the prospects are excellent as the company is a leading supplier of mining equipment to the coal mining industry—a sector that is assuming greater importance since the oil crisis. For the immediate year however, around £14.5m pre-tax looks possible, an increase of 8 per cent. Taking a line through the interim tax charge, the prospective p/e is 8.6 (or 11 fully taxed) at 116p while the potential yield, assuming a 20 per cent dividend increase is 6.3 per cent.

J. Smart expects to hold £1.3m

VIRTUALLY static full-year profits are forecast by **J. Smart and Co. (Contractors)**. The directors estimate taxable profits will not be less than £1.25m in the year to July 31, 1979, compared with £1.29m last time.

These results are again a reflection of the highly competitive conditions which still prevail in the industry and the bad weather last winter, the directors of the building and public works contractor explain.

Trading profit is likely to be steady at £1.23m (£1.21m), while profit on sale of investments, etc., is expected to be down from £76,062 to £25,000.

The net interim dividend is stepped up from 0.55p to 0.605p, and the Board intends to pay a maximum permitted final of 1.625594p (1.477812p). If the current restriction were lifted, the Board would consider the level of dividend "with proper regard to the company's earnings power and financial strength."

Guthrie well on target with £20.9m

A SECOND-HALF recovery from £8.52m to £16.14m at Guthrie Corporation has lifted taxable profits for the whole of 1978 from £19.65m to a record £20.9m, compared with the £20.3m forecast made in February. Turnover was down from £282.9m to £257.3m.

During the year, profit falls in North America, Europe, Australia, and Africa and the Middle East, were more than offset by the gain from South-East Asia.

Mr. Mark Gent, chairman, confirms the group's *forecast* of £30m *for the current year* made in March. He says that some smaller areas of operations—Australia and Nigeria in particular—have made a poor start to 1979, but the two major regions, South-East Asia and North America, are "performing very well indeed."

	1978 £000	1977 £000
Turnover	257,304	282,876
Operating profit	25,462	25,274
South-East Asia	20,540	17,400
North America	3,468	5,444
Europe	179	340
Australia	297	380
Africa & Middle East	978	1,710
Interest	4,565	5,627
Profit before tax	20,897	19,647
Taxation	11,010	9,497
Profit after tax	9,887	10,150
Minority interest	948	980
Extraord. debit	381	†1,200
Exchange losses	858	1,659
Preference divs.	42	42
Attributable	7,660	8,669
Ordinary divs.	6,032	4,309
Retained	1,628	4,360

† Credit.

Earnings per £1 share, before extraordinary items and restatement exchange difference, are shown as 31p (31.8p) before adjustment for prior year ACT, and 32.9p (29.9p) after the same.

A final dividend, as forecast, of 15p lifts the total distribution for the year to 21p (15p) net. The directors have forecast a dividend of not less than 28p for 1979, a 33 per cent increase.

The directors say that the offer by Sime Darby, which expired on March 27, 1979, was rejected, "as failing to recognise the intrinsic value of the Corporation's assets."

Sime remains a major shareholder with nearly 30 per cent of the equity.

Hickson and Welch little changed

LITTLE CHANGED profits are reported by **Hickson and Welch (Holdings)** for the half year to March 31, 1979. On turnover up from £34.63m to £40.79m, pre-tax surplus of the chemicals, timber products and building materials group came out at £3.81m compared with £3.74m.

At the annual meeting in February, the chairman said that although the group had been affected by industrial disputes, it was still likely to approach last year's first half results. Full year profits would then be expected to be an improvement on 1977-78, when an £8.12m taxable surplus was achieved.

Half-yearly taxes £1.04m (£1.07m) and after preference dividends, earnings for ordinary holders were £2.77m against £2.67m. Earnings per 50p share are unchanged at 14p, but the interim dividend is raised from 1.33p to 1.5p net—last year's final was 2.5324p.

The pre-tax result was struck after heavier interest of £430,000 against £183,000, but included investment and other income up from £139,000 to £168,000 and an increased share of associates' profits of £95,000 (£70,000).

● comment

No great improvement was expected from the **Hickson and Welch** first half after an announcement that the haulage strike had turned a £0.5m January profit in to a loss of the same order. That was not the end of the trouble. Bad weather, the firmness of sterling and above all the difficulty of passing raw material costs on to customers have all contributed to a trimming of pre-tax margins by one point. The company expects profits for the year to exceed the clipped £8.1m earned in 1978, which seems feasible, since a strike clipped last year's second half by around £700,000. It is unlikely to be an easy passage since interest will probably top £1m, the tax charge may well double, raw material prices continue to rise steeply, foreign competitors appear content to operate on lower margins, and volume sales are hardly improved at all. Despite the bleak outlook, the group could have taken a gamble with dividend controls and pushed up the interim payment more than 15 per cent. On the stated tax charge it is covered almost ten times. At 233p, up 6p yesterday, same again profits suggest a p/e of 11.6 while the prospective yield may be less than 3 per cent which supposes that bid rumours have not been buried.

CROSBY HOUSE

The loss attributable to shareholders of **Crosby House Group** for the year to last December was £441,454 including extraordinary items primarily relating to Sri Lanka, of £199,708. Losses from prior years had resulted in a deficit on distributable reserves of £406,113, making a total deficit of £847,567.

This clarifies the headline in yesterday's edition of a £0.85m loss at Crosby House.

Warren Plantations turns in £5.8m

AS EXPECTED, taxable profits of Warren Plantation Holdings were well down for 1978 from £10.9m to £5.8m on turnover of £22.7m against £23.7m.

Despite substantial falls in tea and coffee prices the directors feel that the results are satisfactory, and are further evidence of the benefits being derived from the geographical and operational diversification policy undertaken in recent years.

The current year has started satisfactorily, they state, and although commodity prices and crops in some traditional operating areas are below levels at the same time last year, these are currently being offset by the contribution from the more recent acquisitions by the group.

In their interim statement the directors said that profits would be below the exceptionally high level of 1977, but would be in excess of the £4.67m for 1976.

They now say that a number of significant developments took place during the year; the rupee scheme was completed with recommencement of remittance of past profits; and major UK diversification achieved with the acquisition of Joseph Mason paint group.

And the diversification policy contributed to a major reduction in the percentage of tax paid on profits they say; down from £7.45m to £2.98m leaving net profits at £2.82m against £3.45m.

Earnings per 25p share are shown as 30.92p (40.59p) and the dividend is effectively raised to 8.25p (7.335p) net with a final payment of 5.905p.

Cowie up 7.4% midway

AFFECTED BY various adverse factors, pre-tax profits of T. Cowie, the car dealing and finance group, went ahead by 7.4 per cent from £704,000 to £756,000 for the half year to March 31, 1979. Turnover rose by 13.6 per cent to £25m.

Mr. Tom Cowie, the chairman, says profits were hit by the Ford strike which limited the supply of new vehicles; the road haulage strike which caused major supply problems; the severe winter, and the extremely high cost of money.

Referring to the motor division, he states that but for the disruptions, profit would have been better than the record it achieved. However, given an adequate supply of new vehicles, the *directors are confident* the division will improve on its results for the full year.

The chairman adds that finance division results have inevitably been affected by extremely high money costs, although new business growth has continued on terms which will increase profitability. There has been a recent small decline in interest rates and any further easing will help to improve second half results.

Tax for the half year dropped from £339,000 to £330,000, leaving net profits up from £365,000 to £426,000.

Earnings per 5p share improved from 3p to 3.54p and the interim dividend is raised to 0.8p (0.726p) net—last year's total was 2.2718p on record pre-tax profit of £1.9m.

● comment

It has been a tough first half for, T. Cowie. The Ford main dealer was hit by the factory strike and turned at least £100,000 less than the previous first half. The transport strike and the severe winter took their toll as did higher interest charges. In the face of such difficulties the group did well to post a 7.4 per cent pre-tax increase. Ford sales in March and April have been quite good but there is some uncertainty over the longer term future due to possible changes in VAT, and higher petrol prices. But Cowie, with its September 30 year end, should be able to capitalise on the immediate strength and push the longer term clouds into next year. A full year figure around £2.2m seems possible. The shares were unchanged at 50½p yesterday giving a prospective fully taxed pe of 5.7 and a yield tax profits of £1.9m.

James Finlay falls £3.6m to £12m

SIMILAR fall in the second period as the first left taxable profits of James Finlay and Co., international trader and finance group, behind by £3.64m at £12.14m for 1978. Turnover rose from £72.9m to £85.14m.

Profits at the six month stage had fallen from £6.85m to £5.03m. The directors said that the plantations' profits would be lower for the full year, and while the non-tea interests should achieve further growth it was unlikely this would compensate for the plantation downturn.

Pre-tax figure for the year included lower associates' share of £1.51m against £3.12m last time, and was subject to tax of £7.09m (£9.33m). This was split as to UK net of double tax relief £970,000 (£687,000); overseas tax £5.25m (£6.78m) and associates' £879,000 (£2.06m).

After the tax charge, and minorities, earnings are shown as 14.4p (20.5p) per 25p share before extraordinary items. As already announced the dividend is stepped up, effectively, to 5.0326p (2.18899p) net with a third interim of 2.5p, payable on July 25.

There was an extraordinary debit of £106,000 (£277,000) for 1978 reducing the available balance to £4.87m (£6.18m), of which dividends will take £1.98m (£741,000).

Higher interest rates hit Lombard North

FIRST HALF taxable profits of Lombard North Central, the finance house subsidiary of National Westminster Bank group, were affected by the rise in the general level of interest rates which persisted until recent months. As a result, for the six months to March 31, 1979, the surplus, on last year's accounting basis, was marginally down from £9.87m to £9.21m.

However, revised for the adoption of the investment method of accounting for leasing profit for the half year is shown at £17.45m. Reporting this the Earl of Crawford and Balcarres, the chairman, says that it has not been considered practicable to restate the comparative figures.

The interest rate rise was above market forecasts. He adds, however, that there was a substantial increase in the volume of new business of excellent quality during the six months and defaults continue at a very satisfactory level.

On the revised basis a tax credit of £7m increases the net balance to £24.45m and the attributable total emerges at £24.18m.

Reckitt Australia confident

After-tax profits of Reckitt and Coleman Australia advanced by 7.4 per cent to $A6.87m in the half-year to April 20, 1979, despite the difficult trading and economic background.

And the directors say they are confident that profit growth for the remainder of 1979 will be more in line with previous years.

Sales for the half-year were ahead 7.3 per cent to $80.93m. Mr. J. J. West, the company's *chief* executive, says that the sales were satisfactory in the light of the major product rationalisation programme carried out over the past nine months.

The interim dividend is raised from 6.25 cents to 6.5 cents and the directors expect the final to at least equal last year's figure.

Reckitt and Coleman owns 69.73 per cent of the company's equity.

Barclays Int. declines to £58.7m at half-time

Taxable profits of Barlays International, the Barclays Bank offshoot, fell from £62.1m to £58.7m in the half-year to March 31, 1979.

But Mr. H. U. A. Lambert, chairman, says the operating profit—down from £57.7m to £54.4m—held up well in the face of continued pressure on interest margins and the relative strength of sterling.

Net profit comes out at £37m, against £32.3m, after a reduced tax charge. This time there is an extraordinary provision of £4.2m, including £1.8m tax change, for the loss on disposal of part of the group's holding in an associated company. Last time there was a £2m extraordinary credit.

The results have been produced after several changes in accounting policies.

The practice of referring to the average experience in the current and preceding four years to arrive at the charge for bad and doubtful debts has been ended.

Profits and losses on realisation of securities redeemable at fixed dates are being taken to profit and loss account in the year in which they arise and not, as before, in equal annual instalments over five years.

SSAP 15 has been adopted and franked investment income, previously grossed up to take account of underlying corporation tax, is now grossed up by the imputed tax credit.

The tax charge has been reduced by £7.3m (£0.5m) for investment allowances claimed by a subsidiary on assets leased to customers.

The accounting date is being changed to December 31, and the next accounts will run from October 1, 1978 to December 31, 1979.

	Half-year 1979	1978
	£m	£m
Operating profit	54.4	57.7
Inter'st on loan capital	6.7	7.1
Associates	11.0	11.5
Profit before tax	58.7	[illegible]
Tax	21.7	29.8
Profit after tax	37.0	32.3
Minorities	7.1	5.0
Extraordinary debit	4.2	12.0
Attributable	23.7	29.3

† Credit.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Thomas French, Grootvlei Proprietary Mines, Marievale Consolidated Mines.

Finals.—Craig and Rose, First Castle Securities, Rowton Hotels, Triefus, Youghal Carpets.

FUTURE DATES

Interims:—	
Jones (Ernest) (Jewellers)	Jun. 20
Lee (Arthur)	Jun. 15
Westland Aircraft	Jun. 13
Finals:—	
Alliance Investment Trust	Jun 13
B A T Industries	Jun. 26
Bankers' Investment Trust	Jun. 12
Control Securities	Jun. 13
Great Portland Estates	Jun. 14
Leach (William) (Builders)	Jun 14
Milbury	Jun. 15
Plessey	Jun. 28
Property Hldg. and Invest. Tst.	Jun. 26
Tesco Stores	Jun 20
Vassall (J. W.)	Jun. 13
Wheway Watson	Jun. 20

StanChart talks on capital increase

DISCUSSIONS ON Standard Chartered's proposal to increase its authorised share capital from £100m to £120m have been held with major institutional shareholders, Lord Barber, the chairman, told the annual meeting.

He was referring to a recommendation opposing increases which would result in more than 25 per cent of the total authorised capital remaining unissued.

He said that although he still considered the proposed increase to £120m desirable, representing a 28 per cent margin of authorised but unissued capital, "had these specific recommendations been in existence before our final decisions were made we would most certainly have considered them."

Lord Barber, meanwhile, promised that no issue of shares would be made which would effectively alter the control of the Bank or its business without the shareholders' approval.

Shareholders at the meeting were also told that the Bank's recent rights issue had been taken up by about 92.8 per cent of the 17,277,587 shares offered. This included the entitlement taken up by the Midland Bank.

In reply to a shareholder's question about the recently acquired Union Bancorp, Mr. Peter Graham, group managing director, said the California-based bank was in good shape. "We bought it in the expectation of a recovery and after better results in 1978, first quarter profits for the current year showed a further significant improvement."

Bishop's Stores 75% higher

A £1.2m turnround in the second half boosted Bishop's Stores profits by 75 per cent to £1.41m in the 53 weeks to March 3, 1979. At midway, when the surplus was down from £1.01m to £407,000, the directors forecast only a modest increase in the full-year outcome.

The 53 weeks result—up from £802,000 in the previous year—compared with a record £2.07m in 1976-77.

The directors of the food wholesaler and retailer say the profits increase was due to higher margins and sales in retail activity. And they forecast further progress.

Sales were up 15 per cent at £128.9m, showing a useful volume increase after allowing for the extra week, the directors say.

After tax of £72,000 (£68,000), stated earnings per 25p share are higher at 25.77p (14.14p). The net second interim dividend is setepped up to 1.6104p, making a maximum permitted 2.8896p (2.6084p).

Net asset value is given at 234p (211p).

	53 weeks 1978/79	52 weeks 1977/78
	£000	£000
Sales	128,901	11,504
Retail	61,962	54,591
Cash and Carry	29,760	24,570
Wholesale	37,179	32,343
Parent	—	—
Profit before tax	1,410	802
Tax	72	68
Net profit after tax	1,338	734
Dividends	148	132
Retained	1,190	602

BTR in surprise £26m offer for Bestobell

BTR, the fast growing British industrial holding company, yesterday announced its intention of making a £26.3m bid for Bestobell, a fluid engineering and insulation group, which would amount to the equivalent of 200p for each Bestobell share.

The plan was revealed without prior discussion between BTR and Bestobell. It appears that speed was prompted by the sudden movement yesterday in Bestobell shares. After trading steadily at around 160p-165p in recent weeks, they closed on Wednesday night at 170p and were up to 184p before the BTR move was made public. The shares closed last night at 208p.

Bestobell was tight-lipped yesterday in reaction to the offer, saying only that a Board meeting would be called soon. The development is an early surprise for Mr. Sandy Marshall, the former managing director of P and O. After his recent resignation from the shipping company, he joined Bestobell as executive chairman only seven days ago.

Mr. Owen Green, the managing director of BTR, explained that his company had made advances to Bestobell six years earlier but that these had come to nothing. BTR had kept track of the company since, and Mr. Green noted that whereas Bestobell's sales had grown from roughly £50m to £95m, pre-tax profits had remained static at £4.9m.

Mr. Green explained that BTR's move was prompted partly by the hope of making Bestobell more profitable and partly by a good fit between the products and geographical spread of the two companies. He emphasised the way Bestobell's businesses in valves and fluid engineering equipment complemented BTR's own interests in this field.

BTR has been an active acquirer of other companies and has not been shy of contested takeovers. In 1977 the company paid £6.5m for acquisitions and last year £42.5m with the recent emphasis on the U.S. Bestobell is easily the company's biggest prospective purchase in 1979.

The company has about 2 per cent of Bestobell already. A conspicuous Bestobell shareholder is Britannic Assurance Company which has 10 per cent, and also happens to be the largest shareholder in BTR.

BTR is being advised by Hill Samuel and Bestobell by Kleinwort Benson.

ARMSTRONG OFFERS SHARE ALTERNATIVE

Armstrong Equipment is now offering a share alternative to its 81p cash offer for Jenks and Cattell. The share offer, announced in the offer documents sent to shareholders yesterday is 11 new shares in Armstrong for ever 10 Jenks.

On yesterday's closing price for Armstrong the share offer is worth 82p. Jenks' shares were unmoved at 100p.

Jenks' Board has already rejected the cash offer as completely inadequate and are unlikely to be moved either by the paper alternative or Armstrong's claim that the price is 23.7 times Jenks' latest earnings per share after adjustment for the preference dividend.

Mr. J. H. Hooper, Armstrong's chairman, says that Jenks' activities, in pressworks, fasteners and garden tools, will extend and complement Armstrong's own ranges. Jenks' for its part will have greater opportunities within the enlarged group, he says.

FRASER ANSBACHER SELLS STAKES

Fraser Ansbacher, the merchant and investment bank which is carrying out a reorganisation, has sold part of its stake in Grand Metropolitan and Associated Metals and Minerals as part of the capital reconstruction. The Grand Met stake has now reduced to 14.18 per cent from 16.65 per cent and the AM stake from 38.87 per cent to 32.18 per cent.

MARSHALL'S BUYS MOBELEC

Marshall's Universal, the motor and parts distributors, has acquired Mebelec, an electronic ignition systems manufacturer for an initial consideration of £164,036.

The move takes Marshall's into the automotive electronics market and, through an agreement with Wen Products Inc., of the U.S., into the DIY power accessories field.

It is acquiring 97 per cent of Mobelec and the purchase price is made up of £62,668 cash plus 75,087 Marshall's Universal shares at 135p a share.

Further payments in cash or shares for th eremainder of Mobelec will be based on 3½ times the average annual net profits before tax during the period December 1, 1978 to December 31, 1980, less the initial payment.

MRS. BILTON SELLS 0.36M SHARES

Mrs. E. G. BiBlton, wife of Mr. Percy Bilton, octogenarian chairman of Percy Bilton, the property investment and civil engineering group, sold 356,459 shares in the company a few days before it announced its results for 1978.

This was disclosed yesterday by Percy Bilton's registrars to the evident embarrassment of the company.

The announcement stated that Mr. Bilton had no prior knowledge of his wife's sale and said that notification had not been received from her.

A spokesman for Percy Bilton said the company did not know what had happened, but believed that none of the shares had changed hands in the market.

Mrs. Bilton is understood to be in the U.S.

ANDREW DRYSDALE

Terra Nova Insurance Company, a wholly-owned subsidairy of C. T. Bowring has acquired underwriters Andrew Drysdale Holdings and Andrew Drysdale. The consideration for Andrew Drysdale Holdings represent less than 3 per cent of the tangible assets of Bowring and will be in cash. The previous directors of the two acquired companies have resigned and steps are being taken to change the companies' names.

Holt Lloyd pays £4.8m for U.S. car-care group

Holt Lloyd International, the UK manufacturer of car-care products, is paying $10m (£4.84m) in cash for LPS Research Laboratories of the U.S.

LPS, which makes lubricants, rust inhibitors and penetrating fluids at plants in Los Angeles and Atlanta, Georgia, will provide Holt with a significant presence in the world's largest car-care market. Holts existing U.S. operations comprise car-care products marketing and distribution.

Profits before tax at LPS in 1978 amounted to $827,000 (£454,000) and net tangible assets at December 31 1978 were $2.54m (£1.25m). Profits for the three months to the end of March were $419,000 (£205,000), double those for the same period last year. This improvement is expected to be reflected in the full year results.

Holt says the acquisition will enable the group to streamline its U.S. business, reduce overheads and maximise cash flow.

BMCT/DIXON

Birmingham and Midland Counties Trust's stake in David Dixon and Son has edged up again to 29.86 per cent. BMCT, the private investment vehicle of Mr. Graham Ferguson Lacey, has also increased its stake in Arbuthnot Latham, one of the Accepting Houses, to 10.12 per cent.

SHARE STAKES

Avana Group—Sir Julian Hodge has relinquished his interest in a non-beneficial holding of 630,598 ordinary shares.

Hunting Associated Industries—Huntfield Trust has disposed of 105,000 ordinary shares, thereby reducing interest to 8.84 per cent (9.71 per cent). It has acquired 90,000 deferred shares, thereby increasing interest in that class to 17.54 per cent (15.32 per cent).

Brentnall Beard (Holdings)—S. M. Elsbury, director, has sold 65,000 shares.

James Beattie—Mrs. I. M. R. Murchie, director, has disposed of 30,000 "A" ordinary shares.

Berry Trust Company — R. Berry, chairman, as trustee, has disposed of 100,000 shares at 76p.

Thomas Robinson and Son—Outwich Investment Trust holding is 367,499 shares (9.1875 per cent).

Britannia Arrow Holdings—G. Rippon, director, bought 10,000 shares at 21½p on June 5.

K. P. Ney, director, bought 10,000 as 21½p on June 5.

Berwick Timpo—Mr. T. P. A. Norman, director, has acquired 57,500 ordinary shares.

Fidelity Radio—H. R. Dickman, director, sold 30,000 shares on May 24. J. L. Dickman, director, holds 380,000 shares, not 400,000 as previously notified.

West Coast and Texas Regional Investment Trust — Colonial Mutual Life (Pension Annuities) has increased its holding from 215,000 to 250,000 shares (8.3 per cent).

BRITTAINS PLANT

Industrial and Commercial Finance Corporation (ICFC) has financed the purchase of Brittains Plant, a wholly-owned subsidiary of Brittains, by Mr. Peter Couch, its chairman and managing director. ICFC has injected £180,000 for the deal and has bought 33⅓ per cent of the company's shares.

Brittains Plant is a plant hire contractor supplying general plant, such as mixers, cranes and compressors.

ASSOCIATES DEALS

Hill Samuel Investment Management as associates of Edgar Allen has bought on behalf of discretionary investment client 25,000 Aurora Holdings at 87½p.

MINET

J. H. Minet Life and Pensions, a member of the Minet Holdings Group a leading international insurance broker group, has changed its name to Minet Consultancy Services.

Gulliver sells 750,000 shares in Alpine

James Gulliver Associates, the private investment company headed by Mr. James Gulliver, has sold half its 1.5m shares in Alpine, Mr. A. J. Dyer, Mr. H. H. glazing group of which he is also chairman. The disposal, however, does not affect the present involvement of Gulliver Associates in Alpine's management.

Gulliver's 750,000 shares, with a further 750,000 sold by the three founding directors of Alpine Mr. A. J. Dyer, Mr. H. H. Singer and Mr. M. Stoller, and 30,000 shares sold by Mr. P. B. Kaye, also a director of Alpine, have been placed with private and institutional investors at 118p. The total value of the transactions is about £1.8m and Gulliver's capital gain is almost £1m.

Yesterday's announcement comes just over two years after Gulliver became involved with Alpine by buying half a million shares at 19p each from Messrs. Dyer, Singer and Stoller.

Since then taxable profits have improved from £464,000 in the year to January 1977, to £1.93m in the 52 weeks to January 1979.

Planning delays hold back Leigh

CAUSED primarily by planning delays and initial operating loses at its new Stablex plant, taxable profits of Leigh Interests fell from £862,000 to £665,000 for the year ended March 31, 1979. Turnover moved just ahead to £14.4m against £14.3m.

Mrs. Joan Agar, chairman, says it has been a difficult year, with progress in developing and expanding waste facilities being held back by long delays in obtaining planning permission.

The Ford strike last year, and the transport strike in the early months of 1979, also depressed sales and reduced profits.

The delays are continuing to affect profits in the current year, Mrs. Agar states, and success in 1979-80 "will depend on how rapidly we can overcome them, and bring our assets into full profit earning activity."

Earnings per 5p share are shown as 8p (6.9p) and the gross dividend is increased from 5.5p to 6.5p with a final of 4.3p, costing £329,000 (£196,000).

Asset value per share is given as 90p (68p).

Pre-tax figure included associates' loss of £175,000 (£18,000), but after a tax charge lower at *£107,000 against £477,000* last time, net profits came out higher at £558,000 compared with £385,000.

The directors estimate that the planning delays cost the company over £250,000 in last profit in the year. These exceptional items, benefiting future years, were debited in full, they state.

● comment

Planning delays and difficulties, compounded by initial operating losses in its associate Stablex, have dragged Leigh Interests's pde-tax profits some 23 per cent down. However earnings below the line are still an encouraging 45 per cent ahead, thanks to a substantially reduced tax charge. The delays have since cost the group some £250,000 in lost profits and are by no means resolved as yet. The Ford dispute and the transport strike also had a detrimental effect, hitting its motor dealership division which lost almost all the ground gained in the first half. Overall problem areas appears to be the heavy building and the dry waste sector, but with the subsequent sale of loss making W. Jones, a recovery in the latter seems possible. Improvements waste treatment and disposal side of the business which accounted for some 72 per cent of total profits. The shares dipped 1p to 108p yesterday where the p/e of 13.4 is heavily reliant on renewed above the line growth.

Confidence at Francis Sumner

The directors of Francis Sumner (Holdings) are confident of continued improvement and are looking forward to another successful year.

Mr. Max Maimann, the chairman, tells members in his annual statement that despite being affected in the first months of this year by bad weather and industrial disputes, the company's order book and sales showed an increase of around 16 per cent and 8 per cent respectively at the end of April.

Low margins hit profits in the second half of last year and the group ended 1978 with pre-tax profits down from £790,353 to £693,466, on lower sales of £15.1m (£16.67m)—as reported May 11.

Because of continuing pressure on margins and resultant losses, Cotton and Rayon Spinners, the spinning subsidiary was forced to close Delta Mill. Many of the employees are to be offered alternative employment in the company's other mill which is operating profitably.

The group is engaged in textiles, engineering, plastics and offshore engineering services.

Capital expenditure during the year was £280,524 which included some £250,000 for plant and equipment.

MINING NEWS

Anglo American earns a record R202m

BY KENNETH MARSTON, MINING EDITOR

RECORD results for the year to March 31 are announced by **Anglo American Corporation**, South Africa's leading mining finance and industrial house. Net profits, before extraordinary items, amount to R202m (£115m), equal to earnings of 90.2 cents per share. This exceeds the total of R195m for the previous period of 15 months.

A final dividend is declared of 32 cents (18.3p) which makes a total of 46 cents. The total for the previous 15 months was 45.25 cents, being made up of interim of 8.25 cents, an interim of 12 cents and a final of 25 cents.

	Year ended 31.3.79	Fifteen months ended 31.3.78
	Rm.	
Investment inc.	220.6	213.2
Interest and fees	82.8	78.4
Trading profits	8.4	9.6
Realis. of invest.	11.6	18.1
Making	323.4	319.3
Interest paid	44.1	40.4
Prospecting costs	11.8	15.2
Prov. against inv	—	5.0
Prov against ins.	2.5	—
Profit before tax	265.0	258.7
Taxation	16.9	17.0
Profit after tax	248.1	241.7
Outside holders	42.7	46.4
Pref. & pref divs.	3.4	0.3
Attrib. before extraord. items	202.0	195.0
Earngs. per share	90.2cts	89.9cts
Ord. dividends	103.0	99.1
Retained before extraord. items	99.0	95.9
Extraord items	6.9	33.5
Retained after extraord. items	92.1	62.4

On the latest occasion there is a provision of R16.3m against the investment in the struggling UK *Cleveland Potash* operation. This suggests that a further provision will be made against Cleveland by **Charter Consolidated** which owns 37½ per cent of the potash producer; Charter's results are due early next month.

● comment

Anglo's latest results are particularly good in relation to those of the previous longer period because the latter covered two March quarters (of 1977 and 1978) which are the ones when Anglo has its highest income flow. The good performance largely reflects the group's important stake in gold and diamonds which in the previous 15 months provided 30 per cent and 32 per cent, respectively, of investment income. Both should earn more in the current year with gold bidding to overtake diamonds. The third major investment income source, industrial interests, is also likely to do better. At the London price of 447p the shares yield just under 6 per cent; a reasonable return for a high calibre investment, allowing for its heavy involvement in Africa.

Brinco moves on Labrador uranium

BRINCO, A cash-rich Canadian minerals development company in the **Rio Tinto-Zinc** group, has brought the possibility of exploitation at the Kitts-Michelin uranium deposit in Labrador a *stage further by the submission* to the provincial government of an environmental impact statement.

The submission was made against the background of marketing and financing discussions with a major utility for *project development which, a Brinco* statement said yesterday, "are proceeding favourably." This progress has encouraged Brinco to resume drilling at sites in the concession area near what have hitherto been considered the main deposits.

The development envisaged by Brinco would be staged from the town of Goose Bay, to the south of the deposits, where infrastructure is already in place. Brinco plans an open-pit mine at Michelin and underground extraction at Kitts with an annual production of 1.3m lb of uranium oxide over 15 years.

NEW LIFE FOR S. ROODEPOORT

South Roodepoort Main Reef Areas, the ageing South African gold mine now owned by **Golden Dumps**, has found new ore reserves which will extend its life by at least five years.

But the directors have warned that exploitation will need substantial capital expenditure, writes our Johannesburg correspondent.

Development of the new areas is expected to take 18 months, so there will be no benefit for the shareholders until 1981. The payable ore was found in an abandoned shaft area.

Output rising at ERGO

PRODUCTION of gold, uranium and sulphuric acid at South Africa's **East Rand Gold and Uranium** (ERGO) climbed in March and April. Providing the gold market remains firm, the company expects to pay shareholders a dividend of at least 50 cents (28.4p) in the year to next March, double the 1978-79 payment.

ERGO, a unit of Anglo American Corporation of South Africa, extracts the materials from waste dumps around Johannesburg, but in its first year of operation failed to bring production up to planned capacity.

Gold and acid output "is not yet up to expectation," says Mr. Harry Oppenheimer, the chairman, in his annual statement, published today.

Following the higher outputs achieved in March and April, Mr. Oppenheimer is looking for a continuing improvement to production targets in the current financial year of 5,500 kg of gold, 200 tons of uranium oxide and 450,000 tons of sulphuric acid and oleum. It was originally anticipated that gold production in the early years would be 7,000 kg annually.

What the company classifies in the annual report as "teething problems" in its first year included a succession of engineering problems relating to equipment and design failures, an under-estimate of the number of people needed to run the plant, high absenteeism and an unstable labour force.

ERGO shares in London yesterday were 2p lower at 282p, in line with the general trend on the market.

UK COMPANY NEWS

Brent Walker makes 83% leap

PROFITS BEFORE tax of **Brent Walker**, the leisure group, jumped by some 83 per cent from a restated £355,300 to £651,655 for 1978, on turnover up by 36.3 per cent to £8.86m.

Comparative profits have been restated on a change of accounting policy for depreciation for freehold and long leasehold *property*.

After a deferred tax charge of £201,247 (£232,427) net profits increased from £122,873 to £450,408.

Earnings per 5p share were well up from 1.76p to 6.43p and a final dividend of 1.03217p net lifts the total payout from 1.25121p to 1.38217p.

There were extraordinary credits of £52,862 against £20,515 debits. Dividends absorb £96.752 (£87,584) leaving a retained surplus of £406,518, compared with £14,774.

● comment

Brent Walker's restated figures show an impressive 83 per cent profits rise for 1978. The results would have been even better if the company had decided to include a three month's contribution from the new Cairo hotel, but this is being carried over to the current year. BW is reluctant to give a divisional breakdown at this stage but growth has apparently been evenly spread throughout all the divisions. These latest figures include first time profits from the shopping precinct in Oxford Street as well as from the film, The Stud, which BW financed. All activities look set to make another healthy contribution to group profits in the current year—*a sentiment which* is reflected in the historic p/e of 13.4 at 87p. The shares yield 2.4 per cent.

Optimism at Five Oaks

The directors of **Five Oaks Investments**, the property investment and housebuilding concern, are aiming to discharge the arrears of preference dividends and arrive at a position where they can recommend payment of a dividend to ordinary holders.

Writing to shareholders advising them to reject the proposals of Mr. J. M. Peutherer, Mr. A. A. P. Southall, the chairman, adds that the company has now repaid all its past indebtedness of £7m.

Mr. Peutherer, who with associates controls 26.4 per cent of the Five Oaks equity, is seeking to replace three of the present directors, Mr. Southall, Mr. K. Richardson, the managing director, and Mr. B. I. Lilley, with three other directors including the chairman of Midland Industries Mr. Eddie Marsland. The proposals will be put to an EGM on June 15.

Mr. Southall reports that Five Oaks is poised to increase profits from its property investment portfolio and in the private residential sector.

Slow start seen for New York insurance market

NEW YORK—Establishment of the New York Insurance Exchange will make it easier for U.S. brokers to write reinsurance policies here, but the Exchange will probably not have any real impact on the world market for at least three years, participants in an insurance seminar concluded.

The State insurance market, which is still in formation, is based on Lloyds of London and will be made up of member syndicates.

Most people in the insurance industry view the Exchange primarily as a vehicle for reinsurance, rather than direct insurance policies, participants in the seminar said.

At present, U.S. firms must look to London or Western Europe to place most of their reinsurance business.

Mr. V. Lee Barnes, executive vice-president of Continental Corporation, said about 75 per cent of all reinsurance policies are written outside the U.S.

American companies find it difficult to operate in reinsurance because competition is fierce, especially in Western Europe, and they have trouble assessing risks outside the U.S. and managing foreign exchange exposure, he said.

The State Insurance Exchange has received applications for membership from only 15 underwriting syndicates, but from 40 brokers, he noted.

What the Insurance Exchange really needs to get off the ground is an infusion of outside capital, said Mr. Kenneth W. S. Soubry, chairman of Alexander and Alexander Services.

Until that happens, the Exchange will offer little competition to Lloyds.

Mr. Soubry noted that his firm, as well as some other large U.S. brokers, is seeking approval to merge with certain Lloyds Syndicate members in order to gain more overseas business.

If these mergers are completed, the structure of the international insurance market will be changed dramatically in the early 1980s, he predicted.

The estimated 15 underwriting syndicates would have a combined minimum capitalisation of $53.5m. The Exchange is expected to begin operation with some $100m of capital among its syndicates, giving it the initial capacity to underwrite about $400m in annual premiums.

To be eligible to vote for the first permanent Board of the Exchange on July 9, a potential member had to apply by Monday. Those applications must be approved by the temporary seven-member Board of Governors of the Exchange.
Agencies

Sambo's Restaurants loss

BY OUR FINANCIAL STAFF

THE CALIFORNIAN - based restaurant chain, Sambo's Restaurants has turned into loss in the first quarter of this year but expects 1979 as a whole to be profitable.

A loss of $2.9m is reported for the opening quarter, against a profit of $3m. At share level, earnings of 23 cents have been turned into a loss of 22 cents. Sales, however, moved forward from $126.4m to $136.7m.

Elimination of the sale of restaurant interests was a significant factor in the first quarter loss, said the company. Last year, around $5m was received from the sale of restaurant interests to individual managers and investment groups.

Sambo's also cited the relative inexpierence of many restaurant managers and the seasonal nature of its operations.

Comparisons with prior year's results will continue to be effected by the elimination of income from the sale of partnership interests.

National Detroit gain

National Detroit, the bank holding company, expects six-month operating earnings of about $3.30 a share, up about 26 per cent from $2.61 in the 1978 first half, according to Mr Charles T. Fisher III, the company's president, Reuter reports from Detroit. Foreign currency translation gains or losses could result in a modest change in his 1979 estimate.

THE EDPER INVESTMENTS-BRASCAN STORY

How one family helped another

BY ROBERT GIBBENS IN MONTREAL

THE BRONFMAN FAMILY, descendants of Samuel Bronfman, founder and chairman of Seagram, the world's largest distilling empire, have always attracted their share of world interest.

But the recently aborted bid for F. W. Woolworth by Brascan of Canada has turned the spotlights on two members of the Bronfman clan who were formerly better known inside Canada than on the international stage.

Peter and Edward Bronfman, sons of Alan, the brother of Samuel Bronfman, played a major role in the Woolworth saga through their key holding company, Edper Investments. The battle with Brascan was the latest in a number of strategic investment ploys by the two brothers.

They lost to the Reichmann family of Toronto in a struggle for control of English Property Corporation.

However, they retained voting control of Trizec Corporation, the second largest quoted property development company in Canada, with major holdings in the U.S., although agreeing to accept Reichmann representatives in the Trizec boardroom because of the indirect stake in Trizec held by English Property.

Peter and Edward Bronfman, who divide their time between Montreal and Toronto though Edper Investments is headquartered in Toronto, now refer to their contest over English Property Corporation as a "defensive action" to protect an investment of C$100m.

But, once that problem had been settled, they moved into action with the Patino mining family to get control of Brascan Ltd., which late last year revealed that it was to received U.S.$380m cash from nationalisation of its power subsidiary in Brazil.

The assets controlled directly and indirectly by Brascan, including the John Labatt brewing and consumer products group, London Life Assurance, Western Mines and other resource interests, plus some remaining interests in Brazil, are estimated at around C$6bn.

Edper Investments, with control of Trizec and investments in financial services and other companies, is estimated to control assets of over C$3bn.

The Brascan bid was carried through to completion this week with a recommendation of acceptance by the Brascan Board. Peter and Edward Bronfman, long described as the "shyest millionaires" in Canada, are now in a comparable league with their cousins, though they have no role in Seagram itself because of past family quarrels.

That is what Peter and Edward, both so unassuming in style, wanted to do 10 years ago. On the way, they have had perhaps decisive help from the Patino family.

Documents made available in a key judgment by Judge Pierre Leval in New York District Court nearly two weeks ago show that the Patinos may have timed their intervention critically to bring the Brascan battle to a swift conclusion. Peter and Edward expected to join the executive ranks of the Seagram distilling empire of their uncle, but were thwarted by family rivalries.

Just over ten years ago, they emerged uncertainly on the Montreal takeover scene with a bid for an obscure "Shell" company, Great West Saddlery, which had been dormant for many years. Once it had made saddles for the North West Mounted Police.

The Bronfman brothers pumped assets into this shell company and made a hapless venture into computer time sharing, just at a time when only a few companies in this field stood a chance of survival.

Mr. Jack Cockwell, one of the brothers' chief strategists, was tidying up their many private realty companies. These were put together with the realty interests of the Hasman family of Calgary.

Later, the Bronfmans felt strong enough to take a shot at one of Canada's best-known "establishment" companies, Great West Life of Winnipeg. Their attempt was poorly managed and did their reputation little good. It seemed that they had not done sufficient homework on where the ownership of Great West Life was held. They were defeated, and retreated into the background. Great West Life went into the Power Corporation of Canada camp, and it was only some time later that Peter and Edward took control of Trizec Corporation.

Next came the English Property Corporation affair.

> Peter and Edward Bronfman, nephews of the founder of Seagram, the worldwide distiller, capped a series of investment forays with their move to take control of Brascan. But it seems that decisive advice may have come from the Patino family

when their team spent some time in London assessing how far they would go in trying to fight the Reichmanns.

The Bronfmans and their team first took the measure of Brascan, its cash windfall from Brazil, and its huge assets at the end of last year. At the same time other companies carried out similar operations early in the New Year. They came into contact with the Patinos, but shortly afterwards were so preoccupied with English Property that they had little time to worry about Brascan. Rumours were beginning to circulate that Brascan might try to bid for Norcen Energy Corporation, or Consumers Gas, two major Canadian resources groups, or that it might make a deal with the Argus Group over troubled Massey-Ferguson.

When they were talking with the Patinos they found that the latter, with their experience in Latin America, knew a great deal about Brascan.

Towards the end of March, the Bronfman team was more free to move and there were more takeover rumours about Brascan. Edper Equities was set up, two-thirds owned by the Bronfmans and one-third by the Patinos, to try to take control of Brascan.

The next month they moved in with a bid of C$28 per Brascan share for enough shares to bring their holdings up to 50.1 per cent and control.

Within minutes, Brascan came out with its US$1.2bn offer for all the shares of F. W. Woolworth, the worldwide merchandising giant. The battle was on.

The Bronfmans withdrew their own bid for Brascan, saying Brascan had made a material change in its affairs and that the Woolworth bid was contrary to Brascan shareholders' interests.

On April 30, Edper Equities bought more than 3m Brascan shares, mainly through the American Stock Exchange in New York, but also in London, and then decided to wait and see what would happen. That same day Jaime Ortiz Patino, a senior director of the Patino holding companies, arrived in Toronto from Switzerland and chided the Bronfman team for having spent around US$70m in buying Brascan stock without getting enough to force Brascan to drop its Woolworth bid. More stock of Brascan was available, and he urged Edper to go back into the market and bid for more.

The Bronfmans changed their minds and did what Mr. Patino suggested, buying a further 3m Brascan shares—though the day before one of their spokesmen had said publicly that they would buy no more.

Brascan charged in court in New York that the second wave of buying had misled Brascan stockholders and had broken the takeover rules. Edper replied that there was no intention to mislead. Two weeks ago the court found in its favour, allowing Edper to vote its 30.1 per cent holdings in Brascan. The aftermath was the withdrawal of the Brascan bid for Woolworth and a pact between Brascan management and the Bronfmans. This week, Brascan advised shareholders to accept the Bronfman's offer for up to 5m more Brascan shares at C$28 a share to bring their holding to 50.1 per cent. Mr. Peter Bronfman is expected to become chairman of Brascan and Edper will have a majority in the Brascan Boardroom.

At first, the public thought the Patinos were sleeping partners in the fight for Brascan. But the New York court documents show that their intervention on April 30 may have been decisive. The Bronfmans say they will move slowly with Brascan, and continue its policies of investing in resources (energy and minerals), consumer products and financial services, but their ambitions in the property world will be concentrated in New York.

Revised offer puts $135m tag on Financial General

WASHINGTON — Financial General Bankshares has received an increased tender offer bid from Credit and Commerce America Investment BV of $22.50 a share, worth a total of $135m.

Credit and Commerce, which is controlled by Middle Eastern investors, previously had offered about $15 a share. Financial General has about 6m shares outstanding.

Financial General's board is to meet "in due course" to consider the proposal.

The bankholding company said Credit and Commerce's offer is subject to the recept of various regulatory approvals and that "there can be no assurance" that these approvals can be obtained, regardless of its board's decision.

Financial General noted that Credit and Commerce in the past has been unable to obtain the necessary approvals to form a bankholding company and make the tender offer.

The company has opposed Credit and Commerce's previous offers and has instituted legal proceedings against the company.
Reuter

Bid for Bunker Ramo off

GERMANTOWN — Fairchild Industries has dropped its bid to purchase additional shares of Bunker Ramo Corporation and to merge the two companies.

The announcement by Fairchild was made in response to the decision of Bunker Ramo's board last Friday to reject its offer worth $96m.

Fairchild believed the proposal was in the best interest of both companies' stockholders, and expressed its disappointment in the Bunker Ramo action.

Under a recent agreement, Fairchild is blocked from purchasing more than 21 per cent of Bunker Ramo without the approval of its board Agencies.

Bethlehem loses contract suit

PITTSBURGH—A Common Pleas Clerk Judge has ruled that Bethlehem Steel has failed to prove its $100 case against Litton Industries, involving an option to buy up to five ore-carrying vessels.

Bethlehem contracted for Litton and one of its divisions, Erie Marine, to build the vessels at an initial price of $20m. One vessel was completed..

Later Bethlehem tried to exercise its option to buy three more. But Litton and Erie Marine said it was too late, as its shipyard had been closed.

Bethlehem then sued Litton for over $100 and asked the Court to decide whether Litton or its subsidiary was liable.

Judge Maurice Louik ruled, however, that a letter between the two concerns amounted only to an "agreement to agree" and lacked certain critical information needed for a binding contract.
Reuter

Posner deal

Southeastern Public Service—majority-owned by Mr Victor Posner, its chairman — has bought 297,000 shares, or about 10.5 per cent of Heinicke Instruments' outstanding stock, Reuter reports from Miami.

Basic Resources

Basic Resources International's previously announced offering of $13m in unsecured Series E convertible debentures has been purchased by a syndicate of European financial institutions headed by Banque Occidental Pour l'Industrie et le Commerce of Paris, Reuter reports from New York.

Bank contests sui[t]

First National State is to contest an anti-t[rust] suit filed by the Departm[ent of] Justice regarding a pr[oposed] merger between its National State Bank of Central Jersey subsidiary and First National Bank of South Jersey, Reuter reports from Newark.

Standard Brands

Standard Brands Inc said that questionable payments totalling $200,000 were made by subsidiaries in four foreign countries during the five years ended 1978, Reuter reports from New York. It made the disclosure in a filing with the Securities and Exchange Commission detailing the findings of a voluntary legal study and investigation begun last year

Widespread gains in Eurobonds

BY FRANCIS GHILES

THE STEADY rise in prices since the beginning of the week in the New York bond market spilled over into the Eurobond sector yesterday. Helped by the announcement that US wholesale prices had increased by a modest 0.4 per cent—a full percentage point had been expected—Eurobond prices put on an average of ½-¾ of a point, particularly at the longer end of the maturity range.

Another factor which is helping sentiment is the good quality of the new paper on offer, both in the straight bond and the floating rate note sector of the market. The good reception to this week's offerings is confirmed by the prices—usually within the 1½ points offered by the selling group discount—at which these issues are being quoted in pre-market trading.

The $50m FRN for Banco Nacional de Desenvolvimiento Economico has been priced at par by the lead manager, European Banking Company. The minimum coupon of this 10-year bullet issue is 6 per cent.

In the Swiss franc sector prices were weaker again yesterday and spilled over into the foreign bond market.

A SwFr 30m convertible for Kyorritsu carrying a coupon of 4¼ per cent with pricing at par has been arranged by UBS.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 7

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alex Howden XW 9¼ 91	30	88¼	89¼	−0¼	0	11.25
Avco O/S Cap 10¼ 87	40	97½	98¼	+0½	+0½	10.63
Bayer Int. F. XW 7¼ 89	200	84⅞	85⅜	0	0	9.88
CECA 9¾ 84-99	50	95½	96	0	0	9.85
Canada 9 83	400	98⅞	99¼	+0⅛	+0⅛	9.63
Canada 9¼ 98	350	97½	98	+0⅛	−0⅛	8.73
Canadian Pacific 9¾ 89	50	98¾	99¼	+0¼	−0⅛	9.91
Comalco Inv E. 10¼ 91	40	99⅞	100½	+0½	+0¼	10.22
Dow Chem. O/S 9¾ 94	200	98¾	99¼	+0¼	+0⅛	9.74
EIB 9¼ 88	125	94¾	94⅞	+0⅜	+0⅜	10.00
EIB 9⅝ 88	150	[illegible]	100¼	+0¼	0	9.95
EIB 9⅞ 89	100	99¾	100¼	+0¼	+0¼	10.12
Export Dv Cpn. 9 85 84	150	†101	101½	+0¼	0	9.73
Export Dv. Cpn. 9¼ 84	100	97⅞	98⅜	+0⅛	0	9.74
Eksportfinans 9 86	50	96⅜	96⅞	0	0	9.65
Finland 9½ 86	100	97¾	98¼	+0¼	+0⅛	9.90
GTE Fin. 9½ 84	50	98½	99	+0¼	0	9.82
Gould Int. Fin. 9¾ 85	50	99¾	100¼	+0⅛	0	9.73
Hospital O/S 9 83	25	96¾	97¼	0	−0⅛	9.87
Hudson Bay Co. 10 94	50	101⅛	101⅝	+0⅛	+0⅛	9.81
Itel Finance 9⅞ 90	30	92½	93	−0¼	−0⅛	10.88
Itel Finance 10½ 93	40	95⅞	96⅜	+0⅛	−0⅜	11.05
ITT Antilles 9½ 89	75	97⅞	98⅜	+0⅛	+0⅛	9.80
Manitoba 9½ 89	75	97⅞	98¼	+0¼	−0⅛	9.84
New Brunswick 9¾ 94	75	98¼	98¾	+0¼	0	9.94
Newfoundland 10 94	50	100⅜	101⅛	+0⅛	−0⅛	9.86
Norsk Hydro 9⅜ 94	50	95¾	96¼	+0¼	+0⅛	9.76
Norway 9⅞ 84	150	100⅞	101⅜	+0⅛	+0⅛	9.65
Norway 9½ 84	150	98⅞	99⅜	+0⅛	0	9.72
Nova Scotia Pwr. 9⅝ 89	50	98½	99	+0⅛	−0½	9.95
Occidental Fin. 10¼ 84	50	99	99½	+0¼	+0⅜	10.45
Portland 10 84	50	98	98½	+0⅛	0	10.46
Quebec Hydro 10 99	75	96⅜	96⅞	+0⅜	−0¼	10.40
Redland Fin. XW 9½ 91	25	92⅞	93⅜	−0¼	+0¼	10.53
Sears Roebuck 9 82	150	98½	99	+0⅛	0	9.51
Stockholm 9½ 94	50	100¼	100¾	+0½	+0⅛	9.92
Sweden 9⅞ 89	100	99¼	99⅞	+0¼	0	9.85
Sweden 9½ 86	200	99⅜	99⅞	+0½	+0⅛	9.80
U.S. Leasing Intl. 10 84	20	97½	98	+0¼	−0⅛	10.60

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 6½ 87	70	91	91¼	+0⅛	+0⅛	6.99
Argentina 6½ 88	150	89⅞	90⅜	−0⅛	−0¼	8.01
Argentina 7½ 89	150	93⅛	93⅞	0	−1¼	8.49
Australia 6 88	250	92⅞	93⅛	−0⅛	−0½	7.09
Austria 5¾ 90	150	86⅞	87⅜	+0⅛	−0¼	7.44
Banco Desarrollo 7¼ 86	100	95¼	95¾	−0¼	−0¼	8.13
Barclays O'seas 6¾ 89	100	95¾	96½	+0⅛	−0½	7.31
BQ Ext. Algerie 7¼ 85	100	93⅞	94⅜	−0⅛	−1⅛	8.43
Brazil 7⅛ 87	150	95⅝	96⅛	−0¼	+0¼	7.96
CECA 6 88	150	88⅞	89⅜	−0⅛	−0⅛	7.64
CECA 7 91	150	95⅞	96⅜	0	−0⅜	7.50
Copenhagen City 6 90	75	85¾	86¼	−0½	−1	7.90
Council of Eur. 6¼ 88	130	91⅞	92½	+0⅛	+0⅞	7.48
Council of Eur 7¼ 89	100	97⅜	97⅞	0	−0⅜	7.60
Denmark 5¾ 85	100	93¼	94	−0⅜	−0⅜	7.15
Denmark 6½ 89	100	93¼	94	+0¼	−0⅜	7.44
EIB 6 90	300	86½	87	−0⅛	−0½	7.80
EIB 6½ 91	200	90⅝	91⅛	+0⅛	−0⅝	7.69
EIB 7½ 89	200	98	98½	+0¼	0	7.76
Eletrobras-Brazil 7 87	100	93½	94¼	−0¼	−0⅞	8.09
Eurofima 6½ 89	100	95⅛	96⅛	−0¼	−0⅜	7.12
Finland 6 83	150	97½	98⅛	−0¼	−0⅜	6.58
Indonesia 7 84	100	96¼	97	+0¼	−0¼	7.79
Megal Fin. 7 89	150	97	97¾	−0⅛	−0⅜	7.38
Mitsubishi Chem. 6½ 84	70	98½	99	−0⅛	−0½	6.80
New Zealand 6¾ 87	200	95	95¾	−0⅛	+0⅜	7.05
Nippon Kokan 6½ 84	100	98¼	99	0	−0⅜	6.84
Nippon Steel 5¾ 85	100	94⅞	95½	+0⅛	−0¼	6.75
Nippon Tel. & T. 5½ 87	100	88⅜	89⅛	−0⅛	−0⅜	7.48
Nordic Inv. Bk. 6¼ 86	60	95½	95⅞	+0⅛	+0¼	7.12
Norway 6⅛ 84	200	99¼	100	−0⅛	−0⅜	6.34
Occidental 6¾ 90	150	92¼	92¾	−0¼	−0⅝	7.75
OKB 6½ 88	100	96½	97¼	−0⅝	−0⅜	6.97
OKB 6 87	40	91⅛	92⅛	−0⅛	−0⅜	7.47
Statoil 6 88	150	90	90¼	−0⅛	−0⅝	7.47
Statoil 6½ 89	150	95¾	96⅛	−0¼	−0⅜	7.08
Tokyo Elec. P[illegible]	[illegible]	96¼	96¾	+0⅛	−0½	7.27
UDS Group 5¾ [illegible]	75	94	94¾	+0¼	+0¼	7.33
Venezuela 6½ [illegible]	[illegible]	87½	88¼	−0⅛	−0⅜	8.17
World Bank 6[illegible]	[illegible]	90⅜	91⅛	−0½	−1	7.65

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible] Exp Int	[illegible]	91½	92	−0⅝	−1⅜	4.27
[illegible]an Dev. Bank 3	[illegible]00	83½	93¾	−0⅛	−0⅝	5.11
[illegible]na 3½ 93	100	85½	86	−0⅜	−2⅞	4.89
[illegible]tralia 3¾ 89	250	93	93¼	−0¼	−1	4.50
[illegible]zil 4¼ 88	100	94½	95	−0½	−1⅛	4.95
[illegible]nada 3⅝ 89	300	93	93¼	−0⅛	−1	4.51
[illegible]hase Manhattan 4 93	70	97⅛	97¾	0	−1⅞	4.24
Council of Eur. 4⅛ 90	100	93¾	94	−0⅛	−1⅛	4.96
Bankamerica 3¾ 93	80	90½	91	−1⅝	−2⅝	4.85
BNDE 5 88	75	98½	99	−1½	−1⅞	5.17
Denmark 4½ 90	100	99½	100	−0⅝	−1	4.53
Euratom 4¼ 93	80	93	93½	−0½	−0⅜	4.92
F. L. Smidth 4½ 89	[illegible]	96	96½	−1½	−2¼	4.97
Finland 4½ 93	80	97⅛	97⅞	+0¼	−1⅛	4.77
Heron 4¾ 89	35	90½	91	−0⅜	−2½	5.49
ICI Fin. NV 3¾ 94	230	89	89¼	0	−0⅛	4.52
Malaysia 4¾ 90	80	96	96½	+0½	−0⅞	5.19
New Zealand 3½ 94	120	88½	88¾	−0½	−1⅛	4.68
OKB 3¾ 91	100	90¾	91	0	−1	4.78
Pfand Ost. Lande 4 90	60	92⅛	92⅝	−0⅛	−1⅛	4.94
Philippines 4½ 89	50	96	96¾	+0½	−0⅛	5.26
Sandvik 4 90	55	[illegible]	93¼	−0⅛	−1⅛	4.76
Spain 4 91	100	91	91½	−0¼	−2¼	5.01
Vienna 4 93	100	89	89½	−1½	−2⅛	6.07
World Bank 4¼ 93	250	95	95½	0	−1⅛	4.71

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 5¼ 88	15	86¾	87¼	+0¼	−0⅜	7.81
Australia 5.6 83	30	92⅞	93⅞	0	−0⅜	7.49
Australia 6½ 88	20	91⅞	92⅜	+0¼	−0⅛	7.87
Finland 5.6 83	10	91⅞	92¼	0	−0⅞	7.95
Finland 6.8 88	10	91⅞	92⅜	0	−0¾	8.20

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96⅞	97⅞	−0⅛	−0¼	9.89
Avco Fin. 10¼ 86 C$	25	97	97½	+0¼	0	10.83
Ex Dev Cpn 10 84 C$	50	99	99½	−0⅛	−0½	10.19
Fst. Can. Inv. 10 84 C$	50	98½	99¼	−0⅛	−0⅛	10.29
Hudson Bay 10½ 89 C$	60	100	100½	−0¼	−0⅜	10.46
Quebec 10¼ 86 C$	50	98	98½	−0½	−0⅜	10.61
R. Bk. Canada 10 86 C$	40	100	100½	+0⅛	−0¼	9.84
R. Bk. Canada 10 94 C$	40	96⅛	96¾	−0⅛	−0⅛	10.47
Copenhagen 8¼ 91 EUA	25	†97¾	98½	−0⅛	0	8.50
Komm. Inst. 7½ 93 EUA	15	95¾	97⅛	0	+0⅛	7.91
Panama 8½ 93 EUA	20	95¼	96½	0	0	8.76
SOFTE 8¼ 89 EUA	40	96¾	97¼	0	−0⅛	8.75
Algemene Bk. 6½ 83 Fl	75	93¼	93⅞	−0⅛	−1½	8.24
CFE Mexico 7¼ 83 Fl	75	94⅝	95⅛	−0½	−1⅛	9.26
EIB 7¾ 85 Fl	75	91¾	92¼	−1⅛	−1⅜	9.00
Ned. Middbk. 8¼ 84 Fl	75	97⅜	98⅜	−0⅛	−1⅛	8.70
New Zealand 8¼ 84 Fl	75	90⅝	91⅛	−1⅛	−1⅛	9.04
Norway 8¼ 84 Fl	100	97	97¼	−0⅛	−1	8.83
Elf Aquitaine 9¾ 88 FFr	150	97⅜	97⅞	0	−0⅛	10.15
EIB 9¾ 88 FFr	200	97⅜	97⅞	0	−0⅛	10.14
Euratom 9¾ 87 FFr	150	97¾	98¼	0	−0⅛	10.10
Norway 9¾ 84 FFr	200	97⅝	98⅛	0	0	9.81
PSA Peugeot 9¾ 87 FFr	175	97⅛	97⅝	0	0	10.22
Saint-Gobain 9¾ 86 FFr	130	97⅛	97⅞	−0⅛	−0⅛	10.24
Solvay et Cie 9¾ 87 FFr	125	97⅝	98⅛	0	−0⅛	10.17
Total Oil 9¼ 87 FFr	150	95½	96¼	0	−0⅛	10.15
Unilever 10 85 FFr	100	99⅝	100⅛	0	+0⅛	9.97
CECA 9¾ 89 £	20	92	92¾	+0⅛	+0⅛	10.92
Citicorp 10 93 £	20	91	91¾	0	+0½	11.25
EIB 9¾ 88 £	25	92¼	93	0	+0⅛	11.18
Finance for Ind. 13 91 £	15	103	103½	0	+0⅛	12.44
Gen. Elec. Co. 12¼ 89 £	50	101	101½	+0⅛	+0⅛	12.25
Euratom 8 87 LuxFr	500	97¾	98¾	+0⅛	−0⅛	8.30
Norges Km. 8 86 LuxFr	500	96	97	0	−2⅛	8.64
Oslo, City of 8 89 LuxFr	500	97⅛	98⅛	−0⅛	−0⅛	8.32
Solvay Fin. 8 85 LuxFr	500	97½	98½	−0⅛	−0⅛	8.40
Swedish Bk. 8 88 LuxFr	500	97¼	98¼	−0⅛	−0⅛	8.36

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. M5.5 89	0¼	96⅝	99¼	12/7	12.4	12.54
Banco di Roma M6 87	0¼	98½	99	26/10	11.19	11.33
Bco. El Salvador M8 83	1¼	95¾	96⅜	12/10	12¼	12.81
Bco. Nac. Argent. 7 86	0¼	97¾	98¼	22/9	11½	11.73
Banco Urquijo 6 86	0¼	98	98½	21/9	11½	11.70
Bank of Tokyo M5½ 93	0¼	98⅜	98⅞	18/10	11¾	11.91
Bq. Ext. d'Alg. M7.5 85	0⅜	95½	95⅞	2/11	11⅞	12.45
Bq. Indo et Suez M5½	0¼	99⅝	100⅛	25/7	12	12.02
BNP 5½ 91	0¼	98⅜	98⅞	22/2	11⅛	11.53
Ch. Man. O/S M5¼ 93	0⅜	99	99½	27/7	11.73	11.81
Citicorp O/S Fin. 6 94	0¼	99½	100	8/6	11.06	11.09
Gotabanken M6 88	0¼	98⅜	98⅞	15/5	11½	11.65
Ind. Bk. Japan M5½ 85	0¼	99½	100¼	1/12	10.94	10.95
Jugobanka M8 89	0⅞	96⅜	97⅛	23/11	11⅞	12.27
LTCB Japan M5¼ 85	0¼	99½	100	9/10	11¾	11.85
LTCB Japan M5½ 89	0¼	99	99½	7/12	11⅛	11.21
Mfrs. Han. O/S M5¼ 94	0⅜	99⅛	99⅝	23/8	11.19	11.25
Midland Intl. M5¼ 93	0⅜	98⅞	99⅜	20/7	12¼	12.37
Nipp. Crdt. Bk. M5.5 85	0⅜	99¼	99¾	22/6	12.81	12.88
OKB M5¼ 88	0⅜	99⅛	99⅝	18/10	11.44	11.49
Offshore Mining 86	0⅜	99½	99⅞	19/7	12.19	12.28
Petro Mexicano M7 84	0⅜	99	99½	24/7	12.06	12.15
Privredna Banka M8 86	0⅞	96	96⅝	22/6	13.44	13.94
Sundsvallsbnkn. M6 85	0¼	98⅛	98⅝	4/10	11.06	11.25
Texas Int. Air. M7 86	0¼	97⅜	97⅞	11/10	11¼	11.52
TVO Pwr. M9 91 (D-L)	0¼	96⅜	96⅞	24/11	11⅜	11.28
Utd. Overs's Bk. M6 89	0¼	97¾	98¼	29/9	11.14	11.38

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93	1/79	34	127½	129½	+1	1.39
Boots 6¼ 93	2/79	2.16	†99½	100½	−0⅞	−2.81
Ciba-Geigy O/S F. 4 94	9/79	675	91¾	92¾	−0⅛	−12.19
Coca-Cola Bottling 6¾	4/79	9	89	90½	+0⅛	26.61
Esselte 7¾ 89	9/79	159	96	96¾	0	9.28
Honda Motor 5½ 89	5/79	532	94¼	95	+0⅛	2.30
Ito-Yokado 5¾ 93	6/78	1339	102¾	103¼	0	1.27
Nitto Elec. Ind. 6 94	7/79	735	90	91	0	6.94
Novo Industri. 7 89	4/79	259	87½	89¼	−0½	12.97
Texas Int. Air. 7½ 93	4/79	14.5	89¼	90¼	0	18.64
Thorn Int. Fin. 7 88	11/78	3.67	131⅜	132⅞	−0¼	−2.10
Asahi Optical 3½ DM	12/78	538	80	81	−1½	6.06
Casio Cp. 3¾ 85 DM	11/78	841	82¾	83¾	−0⅞	19.48
Fujitsu 5 84 DM	7/79	475	103⅞	104⅝	−3½	26.45
Jusco 3½ 86 DM	1/79	1154	80¾	81¾	−0⅛	25.28
Kansai Elec. 4 84 DM	4/79	1350	86	87	−1	20.59
Konishiroku 3½ 85 DM	1/79	612	83⅛	83⅞	−0½	16.61
Marudai Food 3½ DM	2/79	1033	79⅝	80½	+0¼	35.47
Murata M 3½ 86 DM	11/78	854	83	84	−0½	12.17
Nippon Yen. 3½ 85 DM	1/79	251	†80¼	80¾	−1⅛	−33.32
Nissan Diesl. 3¾ 86 DM	2/79	477	85⅞	86¾	−0⅜	6.27
Olymp. Opt. 3½ 85 DM		703	89½	90¼	+0⅛	−1.09
Sharp Cpn 3½ 88 DM	2/79	487	88⅜	89⅜	−1⅛	8.29
Stanley Elec. 3½ DM	11/78	623	†80¼	81¼	−0¼	47.90
Tokyo Elec. 3½ 87 DM	4/79	476	†90¼	90¾	0	28.06
Tokyu Ld. Cp. 4 86 DM	4/79	493	84½	85¼	−0⅛	11.39
Trio-Knwd. 3½ 86 DM	11/78	711	79⅝	80⅜	−0⅛	26.64

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield-to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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/EST GERMAN ENERGY INDUSTRY

Veba doubles its earnings

BY GUY HAWTIN IN FRANKFURT

IIS YEAR'S oil price rises ve greatly contributed to the ibling of Veba's first quarter ofits. The group, West Ger-ny's largest energy group, lay reported that higher costs crude had been matched by reased earnings from oil pro-cts.

The Veba group's first quarter totalled DM 92m compared h DM 43m in the same period 1978. The group's interim ort said that, apart from rise in oil products earn-s, there had been a marked provement in profits from the micals operations, as well as services sector.

n the electrical power neration sector, profits were htly above the level for the ning three months of last r. At the same time, earnings the group's glass-making operations were unsatisfactory, said the report.

Pre-tax profits for the quarter amounted to DM 378m compared with DM 214m. External turnover during the quarter rose by 11.4 per cent from DM 7.22bn to DM 8.05bn ($4.21bn).

Production sales went up from DM 4.77bn to DM 5.4bn. Turnover in the services sector rose from DM 2.46bn to DM 2.65bn, while sales in the trading sector increased by 8.3 per cent to about DM 3bn.

Volume electricity sales, according to the report, increased by 18.7 per cent. This was mainly due to an increase in supply from Veba's Ruhr power stations in response to hard coal generated electricity. Output from the Veba's participation in the Thistle oil field in the North Sea—which came on stream in spring, 1978—amounted to 200,000 tonnes of crude, while natural gas output increased sharply.

Throughput in the groups refining operation increased by 7.6 per cent from 3.6m tonnes to 3.87m tonnes and refining capacity was virtually fully utilised.

Thus, the energy concern's performance has been fulfilling the promise put before shareholders a year ago. The increase in both earnings and sales recorded in 1978 has been carried into 1979.

But while the company's improvement in profits lends weight to complaints that that the oil refiners have been making windfall profits from the oil shortage, it should be remembered that at the comparable point in 1978 Veba was still reporting losses in the oil sector.

Indeed, pre-tax earnings during the first half of 1978 were reported up 18 per cent on the comparable period of the previous period of 1977 largely as a result of the "reduction of losses in the mineral oil sector."

● Kraftwerk Union (KWU), the power station building subsidiary of the Siemens group, is not yet prepared to assess any losses arising from trade with Iran. Some turbines and other custom-made equipment slated for installation in Iran were still in Germany and would be hard to dispose of if they could not eventually be delivered, writes AP-DJ from Frankfurt.

However, the company is not prepared to assess this equipment as a loss as long as there was hope of completing the projects.

Herstal sees sharp upturn

By Our Financial Staff

SHARPLY INCREASED profits may be achieved by Fabrique Nationale Herstal this year if the Belgian arms-to-aero engines group can reach its sales targets, managing director Mr. Michel Vandestrick told a Press conference yesterday.

At all events, profits and dividends should be maintained. But if sales of BFr 15bn can be achieved for 1979, the company could well return earnings of up to BFr 200m ($6.50m), compared to the BFr 141.4m produced in the previous 18 months accounting period when sales were BFr 16.9bn.

Mr. Vandestrick was hopeful that the company should reach its turnover target despite a slow start in the first quarter at its new plant near Liese

Setback for Royal Dutch Airlines

BY CHARLES BATCHELOR IN AMSTERDAM

THE WEAKNESS of the dollar and linked currencies and tough fare competition led to a sharp fall in the profits of KLM Royal Dutch Airlines last year. The severe winter in much of Europe and the unrest in Iran also contributed to the setback.

A much lower interest charge softened the impact of these adverse factors at the net level. KLM nevertheless proposes cutting its dividend to Fl 7 per share from Fl 8.

Operating profit before interest payments but including depreciation fell to Fl 89.9m ($42.8m) from Fl 165.3m. At the net level profit was reduced to Fl 82.2m from Fl 137.4m. Operating revenues rose 3 per cent to Fl 2.83bn ($1.35bn).

Operating costs increased twice as sharply as revenue, rising 6.1 per cent to Fl 2.74bn. The net interest charge was down, however, at Fl 9.2m compared with Fl 33.5m. Profits on the sale of aircraft were only Fl 800,000 compared with Fl 6.2m.

Profit per share was halved to Fl 16.89 from Fl 33.85. Shareholders may opt to take the dividend fully in cash or as Fl 3 cash and Fl 4 in shares.

KLM paid no corporation tax in 1978-79 because of carried-forward losses from previous years.

Swiss State issue

ZURICH — The Swiss Federal Government is to issue medium-term notes (Kassacheine) at par with a 3.25 per cent coupon and seven-year life. The issue which will involve SwFr 200m of notes, will be made from June 15.
Reuter

Sharp upturn at Saab

By Our Financial Staff

SAAB-SCANIA, the Swedish automotive and aircraft group, more than doubled its profits in the first four months of the year, having already forecast continued sales and earnings growth during 1979.

Group income before appropriations and tax totalled SKr 236m compared with SKr 102m in the same period of last year. During the whole of 1978, Saab-Scania's taxable profits soared by 57 per cent to SKr 530m, and the company commented in its annual report that the limiting of cost rises and the 1977 devaluations of the Swedish krona had strengthened its competitive position internationally.

This seems to have been borne out by the rise to 53 per cent from 45 per cent in the share of business done abroad.

Montedison financial sale near

BY RUPERT CORNWELL IN ROME

:GOTIATIONS are at an vanced stage for the sale of igest, the holding company bracing the financial in-ests of the Montedison mical concern, to the Milan-ed financial and investment erests of the Bonomi family. So far, according to Mont-son officials, the deal has not been signed. However, it reported here that broad lines for an agreement have n settled, based on a price L2,200-2,300 per share. This uld put a total value of haps L100bn ($115m) on the nsaction.

The sale of Fingest was first mooted two years ago by the outgoing chairman of the Milan chemicals concern, Sig. Eugenio Cefis, as part of the continuing Montedison recovery strategy of concentrating on its purely chemical interests.

In the intervening period, intense speculation has surrounded its future, with the mention of possible purchasers including Sig. Giovanni Agnelli's Fiat car company, and the U.S. insurance concern INA. Montedison, in the meantime, had disposed of Banco Lariano, which it formerly owned, to Istituto Bancario San Paolo di Torino.

The acquisition of the controlling stake in Fingest by the Bonomi family, through their financial company Invest, would mark a further step in the latter's expansion, by adding the Montedison subsidiary's substantial insurance and other interests to its industrial, financial and property holdings.

The sale of Fingest would provide a new injection of working capital for Montedison, which is committed to balancing its accounts by the end of 1980, after the series of heavy losses incurred in recent years.

Dassault-Breguet profits ncrease but orders fall

BY DAVID WHITE IN PARIS

E FRENCH aircraft builder ions Marcel Dassault-Breguet ation, said that its main blem "remains competi-ty on the international rket against the American nufacturers" after increas-profits last year but seeing level of orders fall.

et profit rose to 245.5m ($55.8m) from 207.9m on sales 11 per t higher at FFr 6.3bn. The s increase followed a slight in 1977 and reflected rs taken in 1975 and 1976. rders received last year e still high at FFr 10.5m did not reach the 1977 level FFr 12.6bn. Export orders ounted for FFr 7.2bn, com-ed with almost FFr 11bn the r before.

rders received from France, entially the French Air ce, increased to FFr 3.4m n FFr 1.6bn. Exports have ounted for three quarters of sales for the last three rs. About 90 per cent of sault-Breguet's business is itary.

he company is pinning its es on further sales of its age III, Mirage F1 and Franco-German Alpha-jet ner and in the 1980's on its Mirage 2000 and a modern-l version of its Atlantic jet.

The company raised its dividend for last year to a net FFr 23 a share from FFr 21. The French state recently took up a 21 per cent shareholding, which qualifies for double voting rights after two years.

●A considerable improvement is expected this year at the Pernod-Ricard drinks group following the 21 per cent increase in 1978 consolidated net profits to FFr 175.4m ($39.5m). M. Patrick Ricard, chairman, told shareholders that last year had marked the end of restructuring measures and that the improved improved performance should be confirmed in 1979.

The group's strategy in France would be to consolidate its position in the alcoholic drinks market which would long remain the principal source of Pernod-Ricard's profits. The soft drinks market was expected to produce positive results this year after a period when subsidiaries in the sector suffered.

Abroad, group policy would be to reinvest profits in order to reinforce market shares. M. Ricard said he had set himself the target of selling as much of the group's two famous anis-based aperitif brands, Pernod and Ricard, abroad in ten years' time as was sold in France in 1978.

Norwegian metals group advances

By Fay Gjester in Oslo

THE NORWEGIAN group, Elkem-Spiergerverket, whose activities span mining, engineering, metal smelting and manufacturing, reports turnover totalling NKr 1,076m ($207m) for the first four months of 1979, compared with NKr 920m. Profit before appropriations and tax was NKr 42m ($8.10m), against NKr 5m and NKr 33m in 1978 as a whole. Exports in the four months rose to NKr 604m from NKr 495m.

The higher figures were achieved despite lower earnings by companies in the group producing mainly for the home market. These companies continue to be affected by the price freeze and other economic restrictions in Norway, and some of them made a loss in the four months.

Demand for aluminium during the period was so high that it was impossible to satisfy customers' needs fully. Ingot stockpiles at the group's two aluminium smelters were so low at end-1978, that flexibility of operations was affected. They are being rebuilt over 1979, to remedy this.

Production capacity at the group's four ferro alloy plants was fully utilised during the four months. In Iceland, a new 25,000 tonnes per year ferro silicone smelter, in which E-S has a 45 per cent stake, began production on May 7.

Decline at Spanish bank

BY DAVID GARDNER IN MADRID

NCA CATALANA and the ico Industrial de Catalunya, two main components of the nish province of Catalonia's gest banking group, report ss profits for 1978 of 1.28bn ($19.4m), a slight p on the 1977 figure of 1.39bn.

Banca Catalana's deposits w during the year by 18.2 cent to Pta 68.9bn. The up as a whole now holds osits worth some Pta 180bn, er January's takeover of the nco Industrial del Mediter-neo (BIM).

The BIM, like other industrial iks in the present recession, s in difficulties before being ight by Catalana at a nominal ce. The Bank of Spain presided over the deal, providing credit on soft terms

Spain's tight monetary policy is one reason why the group's profits have dipped slightly. While banks less committed to industry were lending on the interbank market at lucrative rates, for example, the Catalana group was having to borrow

After 20 years of trying to create an institution equal to Catalonia's industrial importance in Spain, the Catalana group is now within reach of the "Big Seven" national banks. But as Catalana's new chairman, Sr. Raimon Carrasco, stressed at the annual meeting, in the present economic climate the group will have to switch attention from growth to profitability.

Axel Johnson unit moves into the red

By Victor Kayfetz in Stockholm

SWEDEN'S A. Johnson and Company HAB, the main trading concern within the Axel Johnson group—the country's largest privately-owned business after Volvo—reported a 1978 pre-tax loss of SKr 5.8m ($1.3m) compared with a profit of SKr 3.8m the previous year, but predicted "considerably better" earnings for 1979.

Sales by the company and its subsidiaries in some 30 countries dropped by nearly 4 per cent to SKr 2.98bn ($679m). Profits in international trading involving oil, ores, metals and chemicals were satisfactory, but the subsidiary Irano Swedish Company showed losses and a sharp drop in business during the political crisis in Iran. This, along with losses by the Kjellbergs subsidiary due to tough competition in the home electronics field had an adverse effect on earnings.

The annual meeting will be asked to approve an increase in share capital of SKr 5m to SKr 20m through a new issue of shares. The company has opened new offices in Singapore, South Korea and Mexico to improve its market position in these and nearby areas.

The Axel Johnson group's separate American-based concern A. Johnson and Company Inc. showed a pre-tax loss of roughly SKr 1m ($200,000), on turnover of SKr 1.9bn. Although 1978 earnings were hurt by unsatisfactory developments in the company's steel sector and consolidated sales were down slightly, profits will improve in 1979, the company said.

INTERNATIONAL COMPANIES and FINANCE

Bank of Adelaide merger details

By Our Financial Staff

AUSTRALIA and New Zealand Banking Group and the Bank of Adelaide propose to consummate the merger of the two banks—the plan for which was announced last month—by means of a scheme of arrangement.

Under the scheme, the ANZ Banking Group will acquire all the issued capital of the Bank of Adelaide. Shareholders of the latter bank will receive in consideration 15 shares in the capital of ANZ Banking Group for every 44 shares of their present holding, which represents the announced three ANZ Banking Group shares for every 11 Bank of Adelaide shares, adjusted to take account of the proposed ANZ Banking Group capitalisation issue of one-for-four.

The Scheme requires adoption by a meeting of the Bank of Adelaide shareholders, approval by the Supreme Court of South Australia and the consent of Federal Government authorities.

The drafting of the necessary documents for the Bank of Adelaide shareholders and the Court is proceeding and the consents of the Authorities are being applied for, ANZ Bank says. The Court will be asked to convene a meeting of shareholders to consider the scheme as soon as practicable.

● The plan for the merger of the Bank of Adelaide and the ANZ Bank followed the Bank of Adelaide's running into problems over its finance offshoot—Finance Corporation of Australia—associated with movements in the property market.

As part of a rescue plan for the finance company, the Bank of Adelaide was advised by the Reserve Bank, the country's central bank, to seek a merger with a major trading bank.

Jurong Cement issue is heavily oversubscribed

BY GEORGIE LEE IN SINGAPORE

JURONG CEMENT's public *offering of 3.35m of its S$1 par* shares at a price of S$1.25 per share was 16.3 times oversubscribed. Applications totalled S$68m.

The share issue is designed to enable the company's shares to be listed on the Singapore Stock Exchange. It involves its issued capital being raised from S$10m to S$13.35m. The basis of allotment is to be announced shortly.

Jurong Cement is one of Singapore's five cement manufacturers.

Jurong Cement becomes the first company to seek a listing on the Singapore exchange this year. The company said that the additional funds raised would bring its issued capital to a level consistent with its investment in fixed assets, and would reduce its present level of borrowings. The company manufactures for the domestic and export markets, and has a production capacity of 500,000 tonnes a year. It is at present operating at half its capacity.

The company recorded sales *of S$23m (U.S.$10.4m)* for the year ended March 1978. For the nine months to December, the company had already chalked up sales of S$24.1m.

Because of the higher export volume and prices, turnover for 1978-79 is estimated to have exceeded S$31m.

Group pre-tax profits for the year ended March, 1978 totalled *S$1.95m (U.S.$884,000)* while that for the nine months to December amounted to S$1.13m. However, Jurong Cement has forecast a 15 per cent improvement in profits for the full year to March, 1979. This would lift the full year figure to S$2.24m, implying a last quarter spurt in earnings growth. The company expects the 15 per cent growth rate to be maintained in the current year ending March 1980.

Jurong Cement says that the reduction in its borrowings from the new share issue will result in considerable savings in interest payments, which amounted to S$600,000 during the year ended March 1979.

As a result of the availability of unabsorbed capital allowances, the company is also likely not to be liable to taxation for the years ending in 1978 and 1979. Based on its profit forecast, it expects that it will be liable to tax in the current year and expects this year to declare a maiden dividend—but with the actual payment *deferred to January 1981* for tax reasons.

Net tangible assets per share after the issue will be S$1.06. Among its major shareholders are the Malaysian cement manufacturer, Tasek Cement (24 per cent); the British Merchant Bank, Arbuthnot Latham Asia (7.5 per cent); Lam Soon Company of Hongkong (6.9 per cent); *Mitsubishi Mining and* Cement Company of Japan (5 per cent); Nomura Trading Company of Japan (5 per cent); and the holding companies of the late Singapore businessman Mr. Tan Lark Sye, which directly or indirectly control the bulk of the issued capital.

Profits rise at Plate Glass

BY OUR JOHANNESBURG CORRESPONDENT

PLATE GLASS, a major South African glass and timber processor, has declared a pre-tax profit for the year to end-March of R12.5m *($14.83m)* against R9.5m last year, an increase of 31.8 per cent. Turnover rose marginally, however, to R199.8m, from R198.8m.

With better profits from associated companies, both in South Africa and in Australia, attributable taxed profits after preference dividends, totalled R5.3m, compared with R3.4m, giving earnings of 36.9 cents against 23.6 cents a share. The *final dividend was lifted from* 5 cents to 9 cents giving an annual total of 14 cents against *10 cents.*

The higher profits stemmed from last year's decision to reduce the group's scale of operations in line with actual, rather than expected, sales. By selling a number of South African outlets with a high fixed cost element in sales, turnover remained almost unchanged. But after absorbing "the greater part of non-recurring expenses," second half earnings per share at 23.50 cents against 12.10 cents, nearly doubled those of the first six months, and were only marginally below the whole 1978 financial year.

The group's Australian associate company returned to profit in the past year, after a loss previously. This, together with the higher earnings of the timber agency business in South Africa, led to an associate company taxed profit contribution of R863,000 ($1.02m) against R160,000 previously.

Courage turnround helps Tooth

By James Forth in Sydney

TOOTH AND CO., the major brewer, has increased its dividend from 12 cents a share to 12.5 cents, following a 15.5 per cent gain in earnings for the year to March 31, from A$14.1m to A$16.2m (U.S.$17.9m). The improvement was accounted for largely by a turnround by the *recently acquired* Courage Breweries, which registered its first profit in ten years, and by a reduction in tax.

In the ten months since Courage was acquired, the Victorian brewer contributed earnings of A$12.6m, contrasting with the previous full year loss of A$1.8m. Because of previous losses, no tax was *required on the Courage profits.* Reflecting this, and a A$1.2m deduction for investment allowance—largely on a new brewery being built at Lismore, New South Wales—the group's tax bill dipped from A$9m to A$8.3m. Group sales rose almost 3 per cent to A$295m.

Mr. H. Alce, the managing director of Tooth, said that since Christmas sales of Tooth had fallen 7 per cent reflecting excise increases introduced in the August budget. The downturn had been felt throughout the industry. Mr. Alce said there had been no upturn since the end of March, but the group was budgeting for a further increase in *profits this year. Ernings of* the wine subsidiary, Penfolds Wines held steady at A$1.9m.

Mr. Alce pointed out that for the first time in seven years Tooth had maintained its share of the NSW market. Seven years ago the group held almost 73 per cent of the market, but this had steadily been eroded to 58 per cent.

Gwalior Rayon earnings more than doubled

BY R. C. MURTHY IN BOMBAY

A SURGE in profits of the Birla-owned Gwalior Rayon Silk Manufacturing Company has been announced for the year to March. Net profits—after tax, depreciation and other provisions—more than doubled, to Rs 66.62m ($8.2m), from Rs 31.17m in the previous year. The dividend is raised to 20 per cent from 17.5 per cent.

The spurt in profits is on a limited 13.2 per cent rise in the company's sales, which crossed the Rs 2bn mark and stood at Rs 2.07bn ($260m) in 1978-79. The rise in turnover resulted from the starting up of the second spinning line of "Grasilene" fibre and better operating efficiency of the plants. But prices of viscose staple fibre, the company's principal product, were not raised, despite an increase in costs. Profits came mainly from Grasilene fibre sales and sale of viscose staple fibre making machinery.

Gwalior Rayon's viscose staple fibre production capacity, which is fully utilised, is a subject of dispute between the company and the government, which holds that the licensed capacity is only 24,500 tonnes per year. The contention of the company is that the installed capacity has been expanded to 85,000 tonnes with the knowledge and concurrence of the Government and the plant has operated at this capacity for the past few years.

The company is expanding its capital by issuing Rs 20m of equity shares to the public, excluding members of the Birla group, to fulfil an undertaking given to the previous Government, when a licence was granted for its Grasilene project. The Rs 10 equity shares are to be issued at a premium of Rs 25.

Gwalior Rayon is also expanding its overseas activities. The Thai joint venture near Bangkok to make viscose staple fibre is being expanded to 45 tonnes per day (TPD) after achieving full production at 25 TPD last year. Gwalior is also establishing on a turnkey basis a carbon block plant, claimed to be the most sophisticated in Asia outside Japan, for Thai Carbon Black Company, Bangkok.

Another viscose staple fibre project is to be set up in Indonesia, for which government permission has been received. Financial arrangements have been made for the 35 TPD Indonesian plant by the syndication of a loan in Hong Kong. Gwalior Rayon is exploring possibilities for setting up an integrated project for making rayon grade pulp and viscose staple fibre in the Philippines. Birlas already has a foothold in that country. Indo-Phil Textile Mills, Manila declared a maiden dividend of 10 per cent last year in addition to one bonus equity share for every four existing shares.

JAPANESE NEWS

First Yen-denominated CDs issued by 13 banks

TOKYO — Yen-denominated negotiable Certificates of Deposit totalling Y319bn were issued last month by 13 Japanese city banks, the Federation of Bankers Associations said.

The banks started placing Yen CDs from May 16 under a new measure permitting them to issue CDs for the first time at free interest rates, it said.

The amount issued in May represents just over 70 per cent of the allotted framework, estimated at Y440bn, based on an equivalent of 10 per cent of their owned capital, including share capital and reserves.

No statistics were announced by the Federation about the interest rates on the CDs.

Kyoto Ceramic Company, a major Japanese ceramic product maker, announced yesterday that it posted a Y7.11bn ($32.3m) net profit in the year to March 31, on a consolidated basis, compared with a Y6.24bn net profit in the previous year, when the net profit declined by 25.1 per cent.

Consolidated sales in the year totalled Y59.41bn ($270m) up from Y46.74bn.

The net income per American Depositary Receipt (ADR) was Y1.22, up *from* Y1.10 *in* the previous year. The per share profit for the company's ordinary stock is Y128, up from Y114.

The company forecasts that its consolidated net profit in the current fiscal year will increase to Y9.9bn, on sales of Y76bn.

Fuji Photo Film Company, a leading Japanese film maker, has announced that its parent company net profit in the half-year to April 20 totalled Y6.56bn ($29.8m), up 18.8 per cent from the Y5.52bn in the like year-earlier period. Sales during the six months totalled Y145.24bn ($660m), up 5.7 per cent from the Y137.42bn the year before.

Agencies

Metal Box Berhad

By Wong Sulong in Kuala Lumpur

STEADY PROGRESS was reported by Metal Box Berhad for the year ended March. The company said its pre-tax profits rose by 9.6 per cent to 7m ringgit ($3.18m) with sales rising from 52m to 55.2m ringgit ($25.09m).

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SEC's simpler rules for small companies

BY JOHN MAKINSON

OSE WHO consider that the erests of small businesses are ored, that the venture capital ilable to them is insufficient i that institutions are un-eptive to their needs may e heart from a series of orms recently undertaken by Securities and Exchange nmission in the U.S.

he SEC, the statutory body ponsible for regulating the . securities industry, is ctively moving towards a -tier disclosure structure for panies, with one rule for big and another for the ll. Critics of the regulatory y might maintain that sim-ying procedures are long rdue, given that the SEC rently has 18 forms available offering registrations alone, ugh not all of these are in rent use.

s latest innovation, however e S-18—will cut through h of the red-tape associated n registration. Until now y small concerns have been ged to use the compendious form, which is both costly complex. Using S-18, ether with amendments to annual 10-K report form, h companies will be able to up to $5m in equity securi- more cheaply and quickly encourage venture capital selling up to $1.5m of the er's existing stock.

he paucity of venture ital for small industry is tral to the SEC's strategy there is a sharp evangelical e to its concern. The SEC's sident, Mr. Harold M. liams, said in a recent ech that "small businesses vide individuals with the ortunity to share in the erican dream."

rithmetic alone is enough to ify the SEC's anxiety. ll and medium-sized U.S. panies raised slightly over 0m in initial public offerings year, an improvement on 7 but a fraction of the 1972 re of $1.7bn. Much of this line can be accounted for by ernal factors—stock market formance, taxation and the hasis on large companies by increasingly concentrated brokerage industry.

onetheless, the SEC believes , aside from the cost factor, ajor hurdle is that informa- provided by registering panies has until now been complex for all but pro-onal analysts. Together its small business sures, the U.S. regulating body is encouraging all companies to provide more comprehensive, and comprehensible, information in its annual report and Press releases.

The recent battery of SEC reforms owes its origins to studies on corporate disclosures made in 1969 and 1977, which singled out the small business as a particularly difficult area. Since then, SEC rule 146 and regulation "A" have been amended to boost the amount of securities which can be sold within one year under its simplified procedure from $500,000 to $1.5m. Corresponding adjustments have been made to rule 144, relaxing legislation on the resale of securities by newer public companies.

The Securities and Exchange Commission in the U.S. is encouraging venture capital for small businesses by cutting out much of the red tape associated with registration. But the success of the operation will finally rest with the attitudes of the companies themselves. In Europe tax incentives for the equity investor might prove the more productive course.

The effect of these moves is still unclear, though the SEC is optimistic. A fortnight ago the first application was filed under S-18, which the SEC believes is fast work given the tortoise-like fashion in which company lawyers generally move. More reforms of corporate disclosure are likely, with recommendations on changing the 10-K form expected by early summer.

In the meantime, the SEC has set up an Office of Small Business Policy to develop new ideas, monitor existing regulation and liaise with other groups and agencies, including Congress.

The SEC is under few illusions about revolutionising capital formation overnight. Its public affairs director, Mr. Andrew Rothman, says: "We believe that security laws are relatively insignificant in solving the problem." The U.S. measures may still have lessons for other regulating bodies, many of which are confronted with similar problems in their own countries.

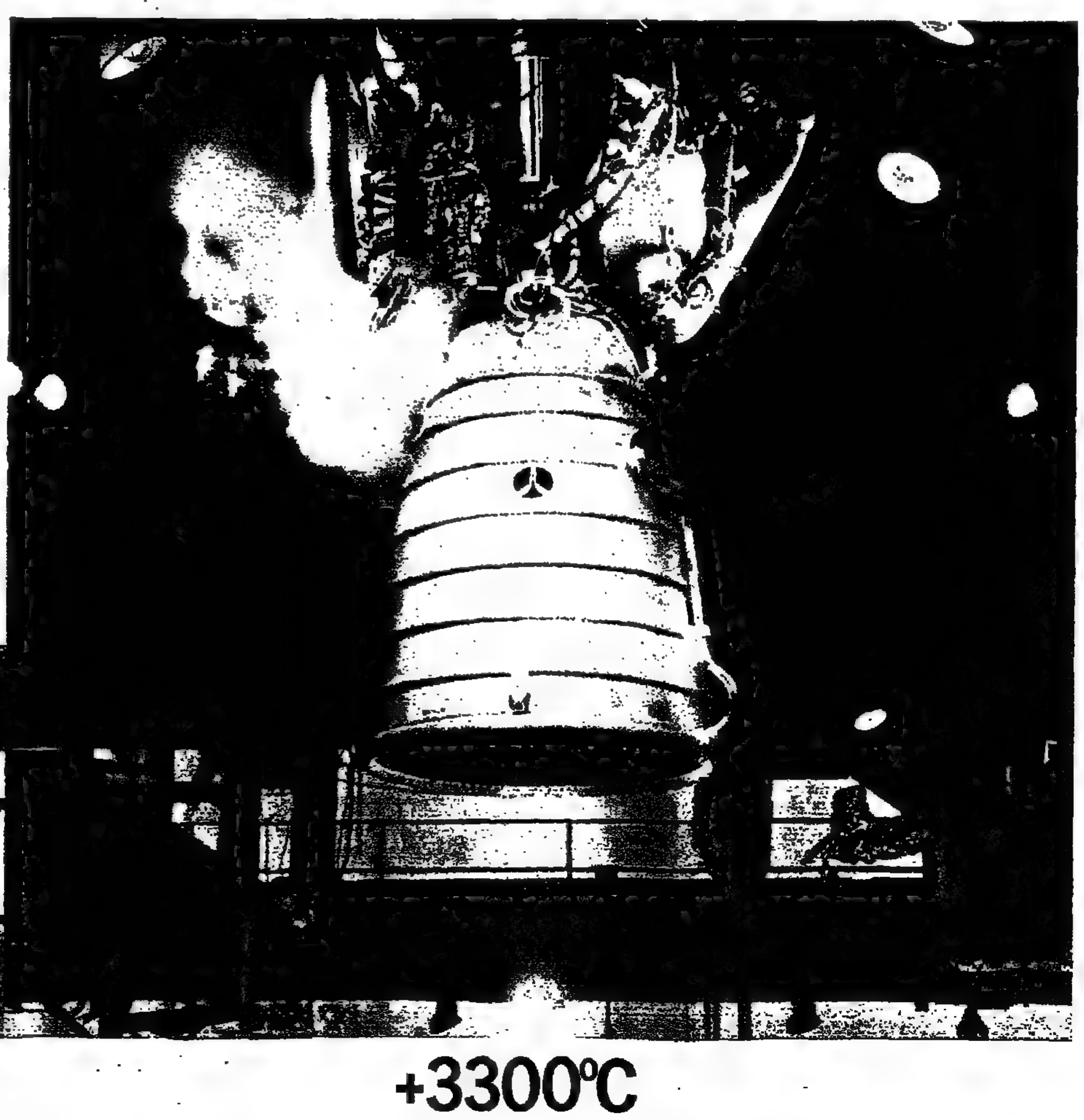
No European country has adopted a policy of setting up separate procedures for smaller companies, but then in no country is disclosure such a complex and expensive business as in the U.S. Furthermore, the fall in public offerings by the small and medium-sized concerns has not generally been as severe as in North America.

Comparison between the U.S. and Europe is also complicated by the wide divergence in the mechanics of raising capital. Taking the UK aside, European bourses are modest affairs, trading a limited number of stocks on narrow turnover. The capitalisation of European companies is generally much narrower than in the U.S., meaning that they depend heavily on support from the banks and accommodate high gearing.

This situation is unlikely to change overnight but there are signs that more European companies are now registering shares. In West Germany, for example, the Corporation Tax reform which became effective in 1977 gave the investor a tax credit on dividends, encouraging smaller companies to go public. In April the Hamburg company Draegerwerk, with annual turnover of around DM 300m (£75m), boosted its capital from DM 45m (£11.3m) to DM 95m (£23.9m) and obtained listings on German bourses—a move which would have been less attractive a few years ago.

Yet measures such as those taken in the U.S. and Germany can often be defeated by the attitudes of small companies themselves, which prefer to pay high interest rates on loans to the possibility of losing control to institutions with substantial share holdings. At the same time, the growth of the institutional role in the markets, together with tax discrimination, means that the private investor, the traditional provider of venture capital, is being squeezed out.

Smaller companies may be cautious, but in the UK especially there is a chance that more of them might seek listings if they were not burdened with the same reporting requirements as ICI. The growth of over-the-counter stock trading, coupled with increasing use of Stock Exchange rule 163(ii), is attributable in part to the cost and complexity of disclosure. So if the Stock Exchange wishes to avoid fragmentation of the market place it might do well to look carefully at the SEC's example.



Companies and Markets

CURRENCIES, MONEY and GOLD

D-mark firm

The strength of the D-mark kept the weaker members of the European Monetary System under pressure in the foreign exchange market yesterday, while the dollar lost ground in the afternoon on news that the Swiss National Bank has lifted its capital export conversion rule from today. The dollar touched a high point of SwFr 1.7365 against the Swiss franc in firm early trading, but fell to SwFr 1.7275, before closing at SwFr 1.7280, compared with SwFr 1.7362½ previously. The U.S. currency also finished near its worst level of the day against the D-mark, at DM 1.9090, compared with DM 1.9165 on Wednesday.

On Bank of England Figures, the dollar's trade-weighted index was unchanged at 87.0 and according to Morgan Guaranty of New York its depreciation narrowed to 6.5 per cent from 6.6 per cent, reflecting the weakness of the Canadian dollar which fell to $4.85½ U.S. cents from $5.17½.

Sterling was weak in nervous trading ahead of today's trade figures. Its trade-weighted index, as calculated by the Bank of England, fell to 67.3 from 67.6, after standing at 67.4 at noon and in early trading.

The pound opened at $2.0725-2.0735, the best level of the day, and fell to $2.0650-2.0660 by lunch. In the afternoon sterling touched a low point of $2.0645-2.0655, and closed at $2.0650-2.0660, a fall of 85 points on the day.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM1.9137 against the D-mark compared with DM 1.9159 previously. Trading was quiet, with the U.S. currency moving within a narrow band of DM1.9128 and DM 1.9150.

The U.S. producer price index for May was expected to point to a slowdown in inflation, but was having little discernible effect on the market. The Danish krone was fixed at its lowest permitted level of DM 3.4645 per 10 krone, with the German central bank buying Kr 15m to support the Danish currency. The Belgian franc was fixed at DM 6.2230 per 100 francs, slightly above its intervention point of DM 6.2210.

BRUSSELS — The Belgian franc lost ground against the Danish krone, Italian lira, and Dutch guilder at the fixing, but gained ground against other major currencies except the D-mark. The Belgian unit was no firmer against the dollar and sterling in real terms however, but because it is tied to its lowest permitted level against the D-mark, travels up and down with the German currency. With the Belgian franc at its floor of BFr 16.0740 against the D-mark, within the terms of the European Monetary System, dealers remarked that it was incapable of independent movement.

MILAN—The lira improved slightly against the dollar, but weakened against EMS currencies. Trading was slow with no response to rumours about a possible revaluation of the lira. The dollar was fixed at L854.70, compared with L855.20 previously. Sterling fell to L1,766.25 from L1,777.20, while the D-mark rose to L446.54 from L446.06.

TOKYO—The dollar eased to Y220.10 against the yen, from Y220.87½ on Wednesday. There were no new factors to influence the market. The U.S. currency opened at Y219.75, and fell to Y219.70, before rising to Y220.10 before lunch. In the afternoon trading was generally within a range of Y219.95 and Y220.10. Turnover was moderate.

THE POUND SPOT AND FORWARD

June 7	Day's spread	Close	One month	% p.a.	Three months
U.S.	2.0645-2.0735	2.0650-2.0660	0.27-0.17c pm	1.28	0.77-0.67 pm
Canada	2.4325-2.4400	2.4330-2.4340	0.15-0.05c pm	0.49	0.50-0.40 pm
Nethlnd.	4.31½-4.35	4.31¾-4.32¾	1½-½c pm	2.78	3¼-2¾ pm
Belgium	63.30-63.75	63.35-63.45	20-10c pm	2.84	42-32 pm
Denmark	11.39-11.44	11.39½-11.40½	½ore pm-1½ dis	-0.53	½-2½ dis
Ireland	1.0486-1.0530	1.0490-1.0500	15-25p dis	-2.29	60-70 dis
W. Ger.	3.93½-3.97½	3.94-3.95	2½-1½pf pm	6.08	6¼-5¼ pm
Portugal	102.90-103.50	103.00-103.30	50-110c dis	-9.31	120-220 dis
Spain	136.55-136.85	136.60-136.70	75-25c pm	4.39	65-15 pm
Italy	1,766-1,769	1,767½-1,768½	½-2½ lire dis	-1.19	4¾-6¾ dis
Norway	10.70-10.74	10.70¾-10.71¾	2¾-½ore pm	1.40	7½-5½ pm
France	9.12½-9.16½	9.13-9.14	⅝c pm-⅛c dis	0.49	2-1 pm
Sweden	9.04-9.07½	9.04½-9.05½	2½-½ore pm	1.99	6½-4½ pm
Japan	450-460	452¾-453¾	2.50-2.25y pm	6.29	7.40-7.10 pm
Austria	29.05-29.20	29.10-29.15	15-5gro pm	13.15	40-30 pm
Switz.	3.56½-3.60	3.56¾-3.57¾	3½-2½c pm	9.66	9¼-8¼ pm

Belgium rate is for convertible francs. Financial franc 65.90-66.00. Six-month forward dollar 1.53-1.43c pm: 12-month 2.83-2.72c pm.

THE DOLLAR SPOT AND FORWARD

June 7	Day's spread	Close	One month	% p.a.	Three months
UK†	2.0645-2.0735	2.0650-2.0660	0.27-0.17c pm	1.28	0.77-0.67pm
Ireland†	1.9670-1.9720	1.9680-1.9715	0.65-0.50c pm	3.50	2.00-1.85 pm
Canada†	84.80-85.00	84.84-84.87	0.06-0.04c pm	0.71	0.16-0.13 pm
Nethlnd.	2.0920-2.0990	2.0920-2.0940	0.40-0.30c pm	2.01	1.00-0.90 pm
Belgium	30.70-30.78	30.72-30.74	5.2-4.2c pm	1.83	10-8 pm
Denmark	5.5150-5.5275	5.5175-5.5200	0.45-0.95ore dis	-1.52	2.25-2.75dis
W. Ger	1.9100-1.9150	1.9100-1.9110	0.75-0.65pf pm	4.40	2.14-2.04 pm
Portugal	49.85-50.00	49.87-49.93	37-63c dis	-10.82	90-140 dis
Spain	66.10-66.20	66.13-66.17	par-10c dis	-0.91	10-20 dis
Italy	854.30-855.00	854.60-854.90	1.50-2.00 lire dis	-2.46	5-6 dis
Norway	5.1860-5.1890	5.1870-5.1885	0.40ore pm-par	0.46	1.65-1.25 pm
France	4.4220-4.4260	4.4225-4.4250	0.23-0.33c dis	-0.76	0.80-1.00dis
Sweden	4.3815-4.3840	4.3820-4.3835	0.65-0.45ore pm	1.50	1.50-1.30 pm
Japan	219.50-220.20	219.50-219.70	1.00-0.90y pm	5.19	2.80-2.70 pm
Austria	14.09-14.11	14.08-14.10	4.50-4.00gro pm	3.62	13.75-12.25pm
Switz.	1.7280-1.7340	1.7285-1.7295	1.24-1.19c pm	8.43	3.69-3.64 pm

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

June 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.609585	0.634183
U.S. $	9½	1.26684	1.31686
Canadian $	11¼	1.46765	1.54378
Austria Sch.	3¾	Unavail	18.6273
Belgian F.	8	39.0377	40.6500
Danish K.	8	7.01195	7.28235
D mark	4	2.42714	2.52328
Guilder	7	2.66100	2.76374
French Fr.	9½	5.61368	5.83312
Lira	10½	Unavail	1126.93
Yen	4¼	279.392	289.938
Nrwgn. K	7	6.57932	6.83566
Spanish Pes.	8	83.8016	87.1314
Swedish Kr	6½	5.55256	5.77366
Swiss Fr.	1	2.19835	2.28387

CURRENCY MOVEMENTS

June 7	Bank of England Index	Morgan Guaranty changes %
Sterling	67.3	-37.1
U.S. dollar	87.0	-6.5
Canadian dollar	80.6	-17.3
Austrian schilling	144.7	+18.5
Belgian franc	112.4	+12.8
Danish kroner	112.5	+1.9
Deutsche Mark	148.4	+41.7
Swiss franc	193.1	+80.5
Guilder	123.0	+15.9
French franc	99.0	-7.3
Lira	54.6	-48.9
Yen	132.3	+20.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

June 6	£	$		Note Rates
Argentina Peso	2628-2648	1272-1282	Austria	28.80-29.70
Australia Dollar	1.8670-1.8710	0.9040-0.9060	Belgium	65-66½
Brazil Cruzeiro	52.44-53.54	25.40-25.90	Denmark	11.45-11.55
Finland Markka	8.25½-8.26½	3.9940-3.9960	France	9.15-9.25
Greek Drachma	76.599-78.457	37.10-38.00	Germany	3.90-3.99
Hong Kong Dollar	10.5060-10.5260	5.1370-5.1410	Italy	1,740-1,780
Iran Rial	143.70-154.9	72-75	Japan	457-467
Kuwait Dinar (KD)	0.571-0.581	0.2786-0.2789	Netherlands	4.30-4.40
Luxembourg Frc.	65.35-65.45	30.68-30.70	Norway	10.75-10.85
Malaysia Dollar	4.5825-4.5925	2.2200-2.2210	Portugal	100-105
New Zealand Dlr.	1.9790-1.9850	0.9580-0.9610	Spain	135¼-138¼
Saudi Arab. Riyal	6.98-7.08	3.4005-3.4015	Switzerland	3.55-3.65
Singapore Dollar	4.55-4.56	2.2043-2.2053	United States	2.070-2.080
Sth. African Rand	1.74-1.75	0.8425-0.8475	Yugoslavia	41-43

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5113	+2.67	+1.83	±1.53
Danish Krone	7.08592	7.27333	+2.64	+1.80	±1.635
German D-Mark	2.51064	2.52088	+0.41	-0.43	±1.1325
French Franc	5.79831	5.82749	+0.50	-0.34	±1.35
Dutch Guilder	2.72077	2.76001	+1.44	+0.60	±1.5075
Irish Punt	0.662638	0.669615	+1.05	+0.21	±1.665
Italian Lira	1148.15	1125.53	-1.97	-1.97	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 7	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.066	3.945	453.3	9.135	3.573	4.323	1768.	2.434	63.40
U.S. Dollar	0.484	1.	1.910	219.4	4.423	1.730	2.093	856.0	1.178	30.69
Deutschemark	0.253	0.524	1.	114.9	2.316	0.906	1.096	448.2	0.617	16.07
Japanese Yen 1,000	2.206	4.557	8.704	1000.	20.15	7.882	9.537	3901.	5.369	139.9
French Franc 10	1.095	2.261	4.319	496.2	10.	3.911	4.732	1936	2.664	69.40
Swiss Franc	0.280	0.578	1.104	126.9	2.557	1.	1.210	494.9	0.681	17.75
Dutch Guilder	0.231	0.478	0.913	104.9	2.113	0.826	1.	409.0	0.563	14.67
Italian Lira 1,000	0.566	1.168	2.231	256.4	5.167	2.021	2.445	1000.	1.376	35.86
Canadian Dollar	0.411	0.849	1.621	186.3	3.754	1.468	1.776	726.5	1.	26.05
Belgian Franc 100	1.577	3.258	6.223	714.9	14.41	5.635	6.818	2789.	3.838	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent; three months 10.25-10.35 per cent; six months 10.25-10.35 per cent, one year 10.05-10.15 per cent.

June 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11⅛-11⅜	10¼-10⅜	9½-10½	7⅝-7⅞	1⅛-1¼	5⅝-5½	9-9½	15-16	—	5⅝-5⅞
7 days' notice	11⅛-11⅜	10¼-10½	9½-10½	8-8¼	1⅜-1½	5⅜-5½	9¾-10¼	13-14	10⅛-10⅜	5⅜-5
Month	11[illegible]-11¼	10¼-10½	10¾-11⅛	8⅝-8⅞	[illegible]	5[illegible]	10[illegible]-11[illegible]	13-15	10⅜-10½	4⅞-5⅛
Three months	11[illegible]-12¼	10⅜-10⅝	10¾-11⅛	8⅝-8⅞	1[illegible]-2[illegible]	6[illegible]-6[illegible]	11-11¼	12½-13½	10⅜-10½	5[illegible]-5⅜
Six months	12[illegible]-12[illegible]	10[illegible]-10⅝	10¾-11⅛	9-9¼	2[illegible]-2[illegible]	6⅜-6⅞	11⅛-11⅜	13-14	10⅜-10¾	5¾-6
One year	11¾-12⅛	10[illegible]-10[illegible]	10⅛-10⅜	9-9¼	2[illegible]-5[illegible]	7[illegible]-7[illegible]	11⅛-11⅜	13¼-14¼	10[illegible]-10[illegible]	6[illegible]-6⅜

Long-term Eurodollar deposits: two years 10-10⅛ per cent; three years 9[illegible]-10[illegible] per cent; four years 9⅞-10 per cent; five years 9¾-9⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Dutch money conditions ease

Recent Government disbursements were seen as the main reason behind a distinct improvement in the flow of funds in Amsterdam yesterday. The shortage of money over the past month prompted the authorities to introduce a special loan facility of Fl 1.765bn. However this expired on June 6, and with heavy tax payments due next week, any easing of the recent shortage is likely to be only temporary.

While call money remained at 7⅞-8 per cent, one-month money eased to 8⅜-8⅝ per cent from 8¼-8⅝ per cent and three-month money fell to 8⅜-8⅝ per cent from 8⅞-9⅛ per cent. Six-month money was quoted unchanged at 9⅛-9⅜ per cent.

PARIS—The upward spiral in interest rates showed no signs of abating yesterday as call money rose to 8 per cent from 7⅞ per cent. Recent rises in interest rates have prompted French banks to increase their base rate from 8.80 per cent to 9.15 per cent, making it the first increase for over one year.

FRANKFURT—Call money fell to 5.60-5.70 per cent from 5.70-5.75 per cent in the interbank market, while one-month money rose to 6.00-6.10 per cent from 5.90-6.10 per cent. The three and six-month rates were unchanged at 6.60-6.70 per cent and 7.00-7.10 per cent respectively with 12-month money quoted at 7.25-7.35 per cent against 7.20-7.40 per cent on Wednesday.

NEW YORK—Trading was generally active as sentiment improved after a 0.4 per cent rise in the Producer Prices Index for May, compared with a 0.9 per cent rise in April. The rise in May was the smallest since August last year and gave further weight to the sentiment held by some, that U.S. interest rates may have peaked out.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were easier throughout yesterday, with one-month deposits at 8⅜-8⅝ per cent against 8[illegible]-8[illegible] per cent and three-month deposits easing to 9⅛-9⅜ per cent from 9[illegible]-9⅝ per cent. The six-month rate was quoted at 9⅛-9[illegible] per cent, down from Wednesday's level of 9⅜-9⅝ per cent, while 12-month deposits fell to 9⅛-9[illegible] per cent from 9⅜-9⅝ per cent.

HONG KONG—Conditions in the money market were easy during the morning, but the supply of credit tended to dry up in the afternoon. Call money was quoted at 11½ per cent with overnight business dealt at 11½ per cent.

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a small amount of Treasury bills and a small number of corporation bills, with the total assistance still termed as small. Discount houses were paying 11-11½ per cent for secured call loans at the start, with closing balances taken around 11 per cent. The market was faced with the unwinding of a previous sale and repurchase agreement on a moderate scale, comprising mainly Treasury bills and a few corporation bills, and banks brought forward balances a small way below target. There was also a small excess of revenue transfers to the Exchequer over Government disbursements.

On the other hand there was a small decrease in the note circulation and a small amount of Treasury bills maturing outside official hands.

In the interbank market overnight loans opened at 10¾-11 per cent and rose to 11¼-11½ per cent before coming back to 10¾-11 per cent and settling at 11-11¼ per cent around lunchtime. However demand increased in the afternoon and rates touched 12-12½ per cent before closing at 11¾-12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

June 7 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10¾-12½	—	—	—	11-11¼	10¾-11½	—	—	—
2 days notice	—	—	11¼-11½	—	—	—	—	—	—	—
7 days or..	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅛-11½	11⅝-11⅞	—	11¾	11½	11-11⅜	—	—	—
One month	11⅝-11[illegible]	11[illegible]-11[illegible]	11½-11¾	12⅛-12	12	11⅞	11½	11[illegible]-11[illegible]	11[illegible]	12¼
Two months	11[illegible]-11⅝	11⅝-11¾	—	12⅛-11¾	12	—	11⅝	11[illegible]	11[illegible]-11[illegible]	12⅛
Three months	11[illegible]-11[illegible]	11[illegible]-11[illegible]	11⅝-11¾	12-11¾	12	12⅛	11⅝	11[illegible]-11[illegible]	11[illegible]-11[illegible]	12
Six months	11⅞-11⅝	11¾-11⅞	11⅝-11¾	11[illegible]-11¼	12	—	—	—	11¼-11[illegible]	11⅞
Nine months	11⅞-11⅝	11[illegible]-11[illegible]	—	11⅛-11⅝	11⅞	—	—	—	—	—
One year	11¾-11⅝	11⅝-11¾	11½-11⅝	11⅛-11⅝	11¾	—	—	—	—	—
Two years	—	—	11¾-12	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12-12½ per cent; four years 12⅛-12¾ per cent; five years 12¾-12⅞ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 11½-11[illegible] per cent; four-month trade bills 11⅞ per cent.

Approximate selling rate for one-month Treasury bills 11⅞-11 19-64ths per cent; two-month 11[illegible]-11 23-64ths per cent; three-month 11½-11[illegible] per cent. Approximate selling rate for one-month bank bills 11[illegible]-11[illegible] per cent; two-month 11[illegible]-11[illegible] per cent; and three-month 11[illegible] per cent. one-month trade bills 12⅛ per cent; two-month 12 per cent; and three-month 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from June 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4209 per cent.

GOLD

Weaker trend

Gold fell $1½ to close at $276¾-$277½ in very active trading. [It] opened at $279½-280½ and touch[ed] a high point of $280-280½ in ea[rly] trading. The krugerrand's pr[e]mium over its gold conte[nt] narrowed to 6 per cent fr[om] 7.04 per cent for domestic de[livery], and to 3.02 per cent fr[om] 3.63 per cent in the internatio[nal] market.

In Paris the 12½-kilo gold [bar] was fixed at FFr 41,400 per k[ilo] ($290.89 per ounce) in the aft[er]noon, compared with FFr 41,[illegible] ($294.86) in the morning, a[nd] FFr 41,700 ($292.69) Wednesd[ay] afternoon.

In Frankfurt the 12½-kilo [bar] was fixed at DM 17,190 per k[ilo] ($279.24 per ounce), compar[ed] with DM 17,325 ($280.[illegible]) previously.

	June 7	June 6
Gold Bullion (fine ounce)		
Close	$276¾-277½	$278½-27[illegible]
	(£134.0-134.4)	(£134.5-134.[illegible])
Opening	$279½-280½	$279¾-28[illegible]
	(£135.1-135.5)	(£134.5-134.[illegible])
Morning fixing	$279.30 (£134.941)	$280.75 (£135.086)
Afternoon fixing	$276.05 (£133.544)	$280.00 (£134.927)
Gold Coins, domestically		
Krugerrand	$292¾-294¾ (£141½-142½)	$297½-29[illegible] (£143½-144[illegible])
New Sovereigns	$74¾-75¾ (£36¼-37¼)	$76¼-78¼ (£36¾-37¾)
Old Sovereigns	$86¾-88¾ (£42-43)	$88-90 (£42½-43½)
Gold Coins, internationally		
Krugerrand	$284½-286½ (£137½-138½)	$288-290 (£138½-139[illegible])
New Sovereigns	$71½-73½ (£34½-36½)	$72½-74½ (£35-36)
Old Sovereigns	$91-93 (£44-45)	$92-94 (£44¼-45[illegible])
$20 Eagles	$416-424	$437-440
$10 Eagles	$206-212	$226-232
$5 Eagles	$136-142	$157-163

MONEY RATES

NEW YORK

Prime Rate	11.75
Fed Funds	10.0
Treasury Bills (13-week)	9.27
Treasury Bills (26-week)	9.19

GERMANY

Discount Rate	4
Overnight Rate	5.65
One month	6.05
Three months	6.65
Six months	7.05

FRANCE

Discount Rate	9.5
Overnight Rate	8.0
One month	8.468
Three months	8.718
Six months	9.062

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.187
Bills Discount (three-month)	5.75

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FINANCIAL TIMES REPORT

Friday June 8 1979

Credit Management

Credit is so much a part of everyday business life that most people give little thought to its significance in terms of cash flow and financial well-being. But as this survey shows, in to-day's world of high interest rates there is much to be said for closer supervision.

Good case for greater priority

By Tim Dickson

HIGH INTEREST rates, Government efforts to limit bank lending and hence control the money supply, plus the UK's recent poor economic experience, have all combined to make credit management an increasingly high priority for most companies.

While it can mean the difference between healthy cash flow and mounting debt the concept of credit management is not always properly recognised at board level, where it is often seen in the wider context of financial controls.

In essence credit management is the art of transforming a company's sales as quickly as possible into cash or liquidity. This, some might say, is a very straightforward exercise and one which should take care of itself in a successful business once the hard work of advertising, promotion, marketing and securing the sales has been accomplished.

Not so, say increasing numbers of the "converted." For too long, they argue, British industry has been like a high-class tailor who is too polite to press his wealthy clients to settle their bills. Many companies, in other words, have been and still are complacent about chasing up debtors with the result that cash flows are perhaps seriously interrupted and balance sheets needlessly damaged.

In many companies, for instance, debtors can amount to as much as a third of all assets shown in the balance sheet. But in a period of low interest rates and rapid economic progress there is relatively little incentive of course to speed their conversion into hard cash at the bank.

Overdrafts, however, have on average become more expensive in each decade since the war and with rates now comfortably in double figures and likely to stay there, a big group could well incur thousands of pounds in additional interest charges for each day customers delay payment of their debts.

The basic problem which faces many companies in the UK is that credit terms play an increasingly important part in sales success. Quality and price are not always the only factors which persuade somebody to buy; very often the way the transaction will be financed constitutes the biggest difficulty and clearly any help in this direction can be an extremely useful sales tool.

Risk

Sales departments of big companies have therefore been anxious, where necessary, to give their customers credit concessions, very often without thinking about the risk, the interest cost to the employer, and the resulting temporary loss of income. In effect the vendor is assuming the role of a bank, a function for which manufacturers of brass tacks or garden gnomes are not always suited.

Credit management in many companies is therefore not always everything it should be, a reflection some say of the relatively low priority it is given in the UK. A credit manager, for instance, is seldom directly responsible to the directors and in some cases might only be *an unqualified and* therefore underpaid sales clerk, in effect the poor relation of other management grades. Too little attention it seems, is paid to the likely benefits of good credit management.

The difference, for example, between the UK and the U.S. where observers say credit managers tend to be treated more seriously—can be illustrated by the average time it is estimated to take for companies to collect their debts. According to one expert it was taking about 65 days in 1976/77 for a typical quoted company to collect a trade credit account. U.S. figures, on the other hand, suggest that the average collection period for manufacturing industry at this time was nearer 40 days. Averages, of course, have to be treated carefully because experience in different sectors is so variable.

The Institute of Credit Management exemplifies the *changes in attitude which have* taken place recently in the UK. Founded in 1939 as the Institute of Credit Men, it remained largely insignificant for many years, hamstrung by shortage of finance and lack of widespread support.

Three years ago, according to Pat Granville White, the vice-chairman, the Institute really began to take off. "The Government's policy of screwing down overdrafts to squeeze credit has been one factor. But the most important change has probably been the sharp rise in interest rates. If you can persuade a customer always to pay a day earlier in future, it can make a big difference to the cost of running an overdraft," he says.

In the last three years the Institute has grown rapidly so that today roughly 60 new members sign up each month, an enormous improvement on previous recruitment rates. Activities include regular *seminars and lectures, while* new members are required to sit professional exams; success confers a qualification accepted and sometimes required by an increasing number of companies. The Institute also claims, as a well informed and widely representative body, to be sought after by the Government on matters relating to trade and industry.

Credit managers use a variety of instruments to control debtors, while a number of outside agencies are also at their disposal. For instance, one way of keeping debtors in check is to find out beforehand if a potential customer is likely to be in a position to pay. For this purpose, the credit report, essentially the profile of a company's creditworthiness, can be extremely useful. Credit reports, or status reports as they are known in the trade, are usually provided by specialist companies, usually as a *subsidiary service to debt collection.*

While UK status reports are relatively cheap to buy the information which they contain is generally limited. Often the report consists of no more than a copy of the particular company's file at Companies House, a bank reference and any bad experiences of other clients to whom a status report on the same company has been supplied. In some Continental countries where tax returns are published status reports provide a much fuller picture, while in the U.S. most banks will apparently provide a trade customer's approximate current account balance, together with an idea of how that account moves throughout the month and any current or future borrowing commitments.

As a result the seller of goods stands at a considerable advantage compared with his UK counterpart. Those closely involved with credit reporting complain that lack of information is not the only reason for lower standards in the UK. Whereas Continental and U.S. status reports can cost around £40 or £50 each clients in Britain are worried if they have to pay more than £10.

Once a company has satisfied itself that its customer is reliable, the next step is to fix the credit terms, or the number of days which the buyer is allowed to pay for the goods received. In the UK most companies expect their customers to pay at the end of the month, although purchasers tend to interpret this as meaning the end of the month following either delivery or invoicing.

A number of big companies, notably Shell and ICI, have recently brought their settlement date forward, a move which reflects an increasing awareness of the importance of credit management. Although such a policy is likely to squeeze small customers used to a few days' grace, this new urgency is also likely to attack the complacency with which many businesses treat their creditors.

Cash discounts for prompt payment and interest charges on overdue accounts are not so common in the UK as they are in the U.S. Cash discounts have probably been more popular in the past than they are now but seven day and one month discounts are still not unusual. One month discounts are clearly an admission that companies do not expect their customers to pay when asked. Meanwhile, interest penalty clauses, although by no means widespread, are increasingly being used as a means of discouraging overdue debts.

It is not, of course, sufficient just to do some homework on status reports and then fix up a payment date with the customer. Granting credit is risky and costly for a company and as far as possible these risks and costs should be offset. Credit insurance, bank guarantees or even bank or trade bills can be arranged or the services of a factor employed. In this case a specialist factoring company assumes responsibility for running the sales ledger and chasing up overdue accounts. A financial service will probably also be provided. Another solution is to assign bad debts to a specialist debt collection agency or pursue them through the courts.

Alerted

Many companies in the UK have grown to regard credit facilities as a right, not a privilege. The current credit environment cannot be described as tight in the same way as it was at the end of the 1960s. But now that high interest rates have alerted companies to the importance of sound credit management credit terms will no longer come cheap. Attitudes in the UK have admittedly been conditioned by decades of easy credit and while there is also a strong reluctance on this side of the Atlantic to pry into other people's affairs, the more professional approach to credit management is also likely to lead to the disclosure of more credit information.

ECGD aid for exporters' cash-flow

THE EXPORT Credit Guarantee Department (ECGD), now in its *sixtieth year, not only offers* a vital export insurance service to British industry; it is also an important source of credit finance. Aspiring cash management executives will be well versed in the Government department's manuals which abound in phrases like supplier credit, buyer credit, refinancing credit.

The basic role of the ECGD remains that of export insurance on behalf of the supplier against default of payment for his goods or services. But on to these broad terms of reference there has been grafted over the years a number of ancillary services, many of them beneficial to the internal cash-flow of exporting companies. Not all the schemes are widely used. But the ECGD does account for something like a third of all the British export insurance, and as a result the department's basic credit operations are in constant demand.

In the year to March 1978, *the ECGD insured exports* worth £12.9bn, an increase a tenth or so over the preceding 12 months. This represented a modest loss of market share since the department insured over 37 per cent of UK exports in 1976-77 and just under 36 per cent the year before. But customers continued to make extensive use of the bank guarantees that go with this type of cover and the "favourable" finance given to exporters as a result.

Bolder

The ECGD's insurance facilities offer exporters two main benefits. Insured against the risk of non-payment, exporters are—in theory at least—able to pursue bolder marketing policies, taking on new buyers and breaking into fresh markets without fear of crippling losses. At the same time ECGD support for export finance with guarantees of 100 per cent repayment to the lending banks can en*hance an exporter's liquidity*, allowing maximum competitive pressure to be applied in the fight to win contracts for overseas orders.

It is hard to gauge precisely the competitiveness of the ECGD's credit facilities. They are closely intertwined with the department's insurance operations, which in many ways are unique and therefore not buffeted by the market forces normally associated with the insurance business. For example, any exporter wishing to insure against political risks has no alternative but to take cover with the ECGD. On the other hand the department is non-profitmaking and its sole aim is to promote British exports.

On average ECGD cover costs 32p per £100 of goods insured to judge by the department's 1977-78 sliding scale for comprehensive (whole turnover) insurance for six months' cover. Charges vary according to the nature of the business and the export markets involved, and clearly insurance against the sort of political risk being faced by some exporters to Iran and Turkey does not come cheap.

The ECGD does not itself provide the exporter with his line of credit. This is left to the banking community, which puts up the finance once an exporter flourishes an ECGD guarantee. In recent years the department has developed a range of direct guarantees to the banks and these now extend over the whole field of exporting. Government backing means that the banks will lend against ECGD guarantees at ⅝ per cent over base rate on business of up to two years' credit from shipment, and at special fixed rates for longer terms.

The two year lending rates exclude trade within the EEC. New arrangements came into force on April 1, 1978. While ECGD guarantees to financing banks continue to be available for exporters working within the Common Market, there is no *longer support from the department* for the rate at which finance is provided. The cost of credit in these circumstances is the rate set by the financing bank. The new arrangement is part of an agreement between EEC members aimed at eventual elimination of distortions in credit competition.

Projects

As well as supplier credit the ECGD provides guarantees allowing overseas buyers to arrange lines of credit finance. For major projects and capital goods business with contract values in excess of £1m, the department supports loans to foreign borrowers. Once again there are exceptions for intra-EEC trade.

For non-EEC supplier credit, finance is provided at fixed preferential interest rates for up to 85 per cent of the value of the contract, and repayable "on terms appropriate" to the size of the contract. Thus the exporter is able to negotiate a cash contract, including if needed progress payments prior to delivery. A UK bank makes payments on behalf of the buyer, the buyer repays the loan by instalments. In 1977-78 business insured by the ECGD under buyer credit guarantees totalled £1.1bn.

Other lines of credit for overseas borrowers include arrangements covering the placing of orders for UK capital goods with a minimum contract value as low as £10,000. The loan is usually for 80 per cent to 85 per cent of the value of each contract and tends to be repayable over two to five years. Lines of credit of this nature again ensure the *British exporter' payment in* cash.

The ECGD understandably finds it impracticable to investigate the creditworthiness of all overseas buyers, especially those involved in contracts on terms of less than six months. Instead, and in order to allow exporters maximum trading flexibility, each ECGD policy would normally stipulate a maximum discretionary limit of around £5,000. The exporter is encouraged to trade up to this outstanding claims figure with buyers without reference to the ECGD.

In the event of a claim the exporter has to justify allowing this amount of credit. Where the amount outstanding with a foreign buyer exceeds the discretionary limit, a credit ceiling must be agreed with the ECGD. In practice most credit approvals run on year after year and are cancelled or reduced only if adverse information is received. The department describes as "considerable" the organisation that it employs for credit verification of overseas buyers.

In addition to its export credit insurance trading operation and investment insurance schemes, the ECGD is responsible for certain non-trading operations which involve the direct disbursement of public funds. One of these is a scheme for financing sterling exports at fixed rates of interest for terms of two years or more. Under this scheme the department refinances a proportion of a bank's advances and ensures the bank a commercial return on the unrefinanced proportion. Total fixed rate credit outstanding at March 1978 was £4.2bn, or 16 per cent more than at the end of March 1977.

The ECGD's arrangements for supporting fixed-rate foreign currency financing for export credits entail a similar obligation to ensure participating banks a commercial return on lending. The department has no refinancing obligation. But because of time limitations on Eurodollar borrowings and their continued availability during the life of a credit the ECGD accepts contingent liability to take over all or part of the funding should the need arise.

Jeffrey Brown

Factoring gains in favour

AFTER MANY years as something of a financial outcast, factoring has now more or less come in out of the cold. Not that all critics have been won over to this method of company financing whereby a factor buys money that is owing to its clients, thus taking over responsibility for its collection. There are still those who argue that it is both a costly service and an expensive exercise if a company wishes to release itself at some time from factoring. But by and large its supporters are now to be found in substantial numbers.

A significant reason for the growing acceptance of factoring must be the rapidly expanding involvement of the major banks in this field. The Big Four clearers all have sizeable factoring subsidiaries, while Lloyds and Scottish has a very big stake in the business through three factoring subsidiaries—International Factors, Independent Factors and Alex Lawrie. Indeed, at one point Lloyds and Scottish enjoyed control of one-third of the total factoring market before such companies as Credit Factoring International, part of the National Westminster banking group, started to flex their muscles.

Though factoring made a slow start in the UK back in the early 1960s, it has come along a pace in the past few years. Indeed, a milestone was reached in 1978 when factoring business in the UK topped the £1bn mark for the first time. Figures released earlier this year by the Association of British Factors (ABF), which represents around 80 per cent of factoring turnover, showed that a 38 per cent rise in turnover was recorded last year, from £968m to £1.34bn. At that time Mr. Freddie Salinger, chairman of the association, remarked that the industry was acquiring "a better image."

An interesting feature of the growth was that it was most noticeable among the small- and medium-sized companies. That this type of company has always been and remains the major user of factoring is borne out by the fact that the average client turnover for a full factoring service is a little over £600,000, according to the ABF figures. Given that there are a significant number of big company clients on the books of most of the larger factors, this shows that even very small companies with modest annual sales are embraced by the service.

Removal

Why do companies turn to factoring if, as is still argued, it is expensive? With the smaller companies it is undoubtedly convenience—the removal of the administrative worry of sending out invoices and chasing payments, while at the same time releasing funds that can be ploughed back into expansion of the business.

With larger companies the same element applies, but there may be wider considerations. For example, a large group may wish to use factoring within one of its subsidiaries to help fund exports in preference to using export credit guarantees through ECGD—indeed it may be a useful alternative when such credit guarantees cannot be obtained. In this area Credit Factoring International is unusual in that it has its own international network of offices through the NatWest overseas division. But most of the other big factors have similar coverage through links with other overseas financial institutions.

Convenient though factoring may be, it is a service embracing a wide variety of options. For this reason any company contemplating turning over its debtor management to a factor should consider carefully the choices available—otherwise it may find itself less well covered than it might wish to be or, alternatively, be committed to more services than it really needs. For example, not all companies may wish to take on the expense of bad debt insurance. Most of the major factors provide such insurance, though Alex Lawrie makes itself an exception as a matter of policy.

Broadly, factoring involves the factor buying the value of a client's invoice immediately it is sent out. The amount initially paid over will be around 70 to 80 per cent of the invoice value, with the balance being paid when the entire sum due is received by the factor.

Invoicing collection and other administration will generally be handled by the factor—using the factor's own invoicing system and stationery, which in itself may be a major improvement since many small companies are untidy in their invoicing. And if this seems a small point, think again. For many a small company gets its money late from a large company simply because the latter, using a computerised invoicing system, becomes amazingly inefficient at handling small, traditional type invoices.

One of the differences to be found among factors relates to the conditions they impose on settlement periods. Say a company's records show that, on average, 75 days pass between its invoicing a customer and payment being made. This will set the standard to be operated by the factor. If a payment runs over this period the factor may just wait until he receives it before paying over the balance due to his client (though the factor's initial payment may only be 70 per cent or less of invoice value).

Alternatively, the client may be charged interest on the balance due after 75 days (the corollary being that if an invoice is settled in under 75 days the client gets an interest credit on the balance due). Some other factors may merely pass the invoice back to the client which will have to sort out payment itself.

Infusion

This gives just a hint of the alternatives available. One point that is universal, though, is that a company can always capitalise a sizeable proportion of its debtors at any given time. When going in for factoring, therefore, a company can realise for cash up to 60 per cent or more of existing debtors, thus providing an infusion of cash.

This money will not be debt, since the company is merely selling an asset. Therefore it does not affect its gearing ratio, nor does it show up on the balance sheet—as with leasing, factoring is known as "off balance sheet" financing, a point which is sometimes *criticised since it may mask a* company's total financial exposure.

The services and the finance provided are treated as separate items by a factor and are charged accordingly. Services are usually charged in relation to a client's turnover, the rate being up to 3 per cent or so. The cost of money to a client will vary up to around 3½ per cent over base lending rate.

Though factoring has not received the ready acceptance that was initially expected when it arrived as a service from the U.S. in the early 1960s, it does now appear to be making its mark. As well as heralding a total business figure of £1bn, 1978 also saw the biggest rise in the number of British companies using the facility—from 1,313 to 1,725.

Nicholas Leslie

Insurance cover specialists

An efficient credit management system can greatly reduce the financial problems of a supplier or a customer defaulting on credit. But it will not completely eliminate that risk. The provision of credit insurance supplements the company's credit management set-up.

It needs to be remembered that even the most apparent blue chips do occasionally get into trouble. It is salutary to remember that Credit and Guarantee, a leading credit insurance company, paid out over £1m to a client when Rolls-Royce got into trouble—still the largest single credit claim.

There are two main insurance companies in this area—Trade Indemnity and Credit and Guarantee. Each has developed its credit insurance contracts along slightly different lines. Trade Indemnity has concentrated on providing insurance against insolvency or protracted default by the buyer of goods. Credit and Guarantee covers the default of the customer as well as the default of the supplier.

The insurance problems are somewhat different when the supplier runs into trouble as to when the customer experiences difficulties. If the customer or buyer goes insolvent, the company is left with goods for which it has to find another buyer, *with uncovered costs arising* from the work already completed. This is especially true where the customer is overseas, where orders can be cancelled for the flimsiest of reasons.

With supplier default, the company has to find another supplier in order to complete the work in hand. Usually an alternative supply will be available but at a higher price and involving delays.

The ideal set-up would be to have several sources of supply and several outlets for goods and services. But in certain industries there are only a few sources and only a few outlets, so that the company does not have a lot of choice for diversification.

Trade Indemnity offers two bases for its insurance. The company seeking cover can either insure on a whole turnover basis on the principle that it needs ongoing insurance the whole time, just as it needs continuous fire insurance; or it can insure on a specific account basis for the one-off special risk or that part of its turnover linked to one customer.

Under most of the contracts issued by Trade Indemnity the cover is 80 per cent of the amount at risk. Credit insurance should never be seen as an alternative to credit management. So in addition to underwriting the cover based on the risk on the client's credit management, the insurer leaves the client with a minority but significant stake in ensuring that credit management is adequate.

Default

Credit and Guarantee operates on a specific risk principle for its customer default contract. Once the client has accepted the order for goods or services, the contract covers pre-delivery risk in that the customer may go insolvent before receiving the goods, as well as the post-delivery risk in that the customer has received the goods but cannot pay for them. The contract also covers subcontractors from any loss suffered. Credit and Guarantee normally provides indemnity against between 85 and 90 per cent of the amount involved, depending on the risk.

Similar considerations apply with Credit and Guarantee's supplier default policy—again the normal indemnity provided covers between 85 and 90 per cent of the risk.

In underwriting the contract the insurance companies will need to know details of the transactions and the terms of payment. The client will have to show that he operates an adequate system of credit management and the insurance companies may well carry out a credit control inspection.

Both these companies have a *very extensive library* and records of all commercial and industrial companies operating in the UK. The information they demand and obtain on the operations of various companies would make an investment analysts or a financial journalist green with envy. Both companies are in a position to advise clients when they feel that their link-ups with customers are tenuous or in need of revision. They can steer clients away from potentially hazardous ventures which could lead them into serious financial difficulty.

In the current uncertain economic climate there is a growing demand for credit insurance facilities. Trade Indemnity reports that its business has grown quite sharply in 1979. It is seeing more company failures. It is finding itself covering more export risks. But in the export field both these insurance companies stick rigidly to business where there is political stability such as in exports to Europe, North America and Australia. They rigorously eschew the political risk field.

The general field of credit insurance is a complex area. Companies would be well advised to seek the services of those insurance brokers which specialise in credit insurance. This is advisable whether the company is seeking continuous *cover or whether it has the one* off order it feels needs insurance cover.

Trade Indemnity has stuck mainly to the main company credit insurance risk. But Credit and Guarantee has expanded its product range to cover the more esoteric *risk*. It will, for instance, cover non-payment of rent on commercial property—a boom for the property companies and financial institutions holding property in their investment portfolios.

Credit and Guarantee has also covered the credit risk for individuals linking up with holiday insurance and removal risks. But its main concern is still the provision of credit insurance in the company field.

Eric Short

Chasing up the slow payers

DEBT COLLECTORS generally get a bad Press, mainly because the unconventional business methods of a few unscrupulous practitioners always attract publicity.

The recent case of a London company which sends specially trained "smelly tramps" to chase up debtors hardly advances the cause of a respectable debt collecting profession.

In the past year or two, however, those who make a living out of *reminding others to pay* their bills have become increasingly aware of the need to dispel the damaging myth of *bowler-hatted heavies*, knocking on doors and forcibly extracting their dues.

Until not so long ago most companies or businesses anxious to do something about their debtors automatically turned to a solicitor. Quite often the service of chasing up customers was, and still is, thrown in with other legal work or carried out for a small additional fee.

Today the idea persists that this sort of thing is best dealt with in the courts but the beleaguered businessman is certainly more likely now than then to enlist the support of a debt collection agency.

Collection agencies have been around for a long time but only in recent years have the leading companies attempted to establish themselves as a serious service industry. Cynics might observe that they still have some way to go, although the recent advances have been impressive.

The basic problem is structural. Anybody, given an office, a copying machine, a telephone and perhaps a secretary, can set him or herself up as an agency. Debt collecting is not capital-intensive and it is therefore difficult to keep tabs and impose standards on those involved.

This also makes it difficult to assess the size of the industry. According to the Office of Fair Trading, however—which issues licences—there are probably at least 400 agencies in the UK. But only the top 20 operate on any scale and most of the rest are probably confined to one part of the country or even one particular sector of the economy.

Two trade associations represent debt collectors in the UK. The larger and more established of these is the National Association of Trade Protection Societies (NATPS), which traditionally has been composed only of mutual non-profit making organisations.

A few years ago, however, *primarily in response to the* Consumer Credit Act of 1974, the NATPS opened its doors to commercially orientated companies and now boasts a total of roughly 30 members.

In 1978 these NATPS members were instructed to collect 239,000 debts of £72m for 92,000 clients.

Most members of the NATPS, which takes in mutual societies like the United Association for the Protection of Trade and the Manchester Guardian, to profit making groups like Dun and Bradstreet and British Mercantile Agency, have been in business for many years.

The Credit Agencies Association (CAA), on the other hand, broadly represents the newer companies. Founded three years ago, it also has about 30 members who between them collected an estimated £50m of debts last year.

Both associations meanwhile claim not only to look after the interests of their members but also to protect their clients through the adoption of certain standards of behaviour.

Strides

Mr. Terry Robinson, chairman of the Liverpool-based Commercial Credit Consultants and chairman of the CAA, feels agencies have made rapid strides in recent years.

"Ten years ago few people trusted us," he admits. "Now, however, we have got rid of this stigma and enjoy a place alongside the more reputable service industries. Our members act for most of the big companies which seem perfectly happy to use collection agencies. American businesses are particularly keen to employ us and while some of their British counterparts are still not enthusiastic at least they no longer pooh-pooh the idea."

Mr. Robinson concedes that the industry still has its rotten eggs and cites the example of the smellies. "It is our policy in the CAA that anything like this which comes to our attention is reported to the Office of Fair Trading."

Both associations, incidentally, represent companies which specialise in both trade debt (incurred by business customers of a business) and consumer debt (incurred by retail customers in a shop). Procedures, of course, vary from agency to agency but invariably companies stress the "softly softly" approach.

"Psychologists in the U.S. have defined a pressure curve which we find works successfully," says Mr. Don Hadick, general manager of Dun and Bradstreet's commercial collection division. This involves starting out with a polite "non-abrasive" request for payment. If there is no response a more strongly worded missive is despatched and if the debtor is still determined to ignore such reasoned appeals, the next step (assuming the amount justifies such action) is a telephone call.

"Very often we find people who do not realise it is in their best interests to pay. In most cases we manage to persuade them at this stage," says Mr. Hadick.

The last resort for any debt collection agency is the law. Dun and Bradstreet estimates that 6 per cent of all debts handled go to solicitors—though in terms of value, since it is the larger amounts which are generally contentious, the figure is probably nearer 12 per cent.

Terry Robinson of the CAA reckons the proportion of cases handled by his members which end in litigation is even lower, at around 1 per cent. "We are trying to avoid the courts all the time. Win or lose, solicitors are expensive and very often we would advise our clients to write off a bad debt."

It is always difficult to generalise about the cost of debt collection to a potential client. In virtually all cases fees are only charged if the outstanding payment is successfully recovered but the amount of this levy will depend on such things as a client's past record, the quality of his customers and the age of the debt.

Status

Most agencies, particularly the bigger ones, offer further services such as credit status reports and tracing. Status reports provide a valuable tool for credit managers, allowing them to assess the creditworthiness of a potential customer. Sources which help an agency build up its files include Companies House, the subject's bank manager, other credit references and, of course, where possible his previous record of paying his debts.

According to Mr. Don Jerome, chairman of British Mercantile Agency, credit managers, where they exist, are not always aware of the benefits of working closely with a collection agency. "Very few credit managers fully co-operate with an agency," he says. "Generally they are only prepared to forward the name and address of the customer about whom they wish to know more. Ideally they should discuss their needs in some detail and share their problems with us."

Debt collection techniques and the establishment of debt collection as a recognised professional service are catching on in the UK but the advances in Canada, Australia and the U.S. are considerably greater. As one interested observer ruefully notes: "Solicitors have a great hold in this country on people in industry. They have successfully sold the idea that they are the only people who can collect a debt without dwelling on the cost and inconvenience which this involves."

Tim Dickson

Patchy implementation of Consumer Act

WHILE VERY considerable changes are taking place in the consumer credit industry, including an increasing proliferation of credit schemes of all types, this change strangely enough owes little or nothing to the Consumer Credit Act. Although the Act was passed as long ago as July 1974, the complexities of implementation have proved such that even now the effects are minimal and it will not indeed be until the making of the regulations governing advertising that the first major effect on the day-to-day working of the industry will really become apparent.

Up to now the framework of the law governing consumer credit, most of which still remains in force, has been a patchwork of statutes regulating credit by its form rather than by its function, leaving several types of credit not subject to any specific law at all. Many of the harsh and antiquated provisions of the Moneylenders Acts, for example, remain in force and compare oddly with those of the Hire Purchase Act 1965.

Licensed

It was therefore hardly surprising that the Committee on Consumer Credit chaired by Lord Crowther strongly recommended in 1971 that there should be one law to govern all forms of consumer credit transactions plus those forms of hire or rental which were effectively an alternative to credit. Among the committee's other recommendations were that businesses operating in the consumer credit field should be licensed and that there should be a full disclosure of the cost of borrowing, including a statement of the Annual Percentage Rate of Charge. The Crowther Committee's main recommendations were embodied in the Consumer Credit Act 1974.

Although this was a complex Act comprising no fewer than 193 sections and 5 schedules it was still no more than a framework leaving much of the detail to be dealt with subsequently by regulations.

Many parts of the Act are based on previous legislation, in particular those parts dealing with documentation, cancellation, default and termination which are largely modelled on the previous Hire Purchase Acts. The requirement to disclose the true annual percentage rate of charge both in advertisements and contract documents has, however, given rise to considerable problems.

Regulations governing calculation of the rate of charge (but not its disclosure) were in fact published two years ago and at about the same time the Stationery Office produced tables giving the annual percentage rate of charge corresponding to a wide range of values of "flat rate," "charge per pound lent" and "period rate." These were necessary because the rules for calculating the rate were based on compound interest theory and thus could not be applied in practice by most traders.

Even so, the use of the tables is limited to straightforward instalment or running account agreements and the creditor regularly entering into more complicated transactions will in practice need access to a computer. The position is also made more difficult as far as calculation goes by the fact that ancillary charges (for maintenance, insurance, etc.), may in certain circumstances have to be taken into account when calculating the annual percentage rate.

The first regulations requiring disclosure of rates will be those governing advertising and quotations, which were at an advanced state of preparation when Parliament was dissolved. It is expected that these will require the inclusion of annnual percentage rates in most credit advertisements other than simple "prestige" advertising, and consultation papers to date suggest that the regulations will be of very considerable complexity.

It may be observed in passing that one problem facing the authorities in this field is that excessively restrictive regulations could lead to a decrease in the advertising of credit with the consequence that the consumer might receive less information rather than more.

Regulations governing the form and content of contract documents are expected to follow next but it appears to be accepted that a considerable period will be needed for their implementation. Work has already started on regulations prescribing minimum rebates of charge where an account is paid off early.

The first major part of the Act to be in full operation was *that setting up the licensing* system under the auspices of the Director General of Fair Trading. Not only consumer credit businesses and consumer hire businesses need licences. Credit brokers (defined so as to include retailers who put their credit business through a finance house) are also required to hold licences, as are debt counsellors, debt adjusters, debt collectors and credit reference agencies. In general the licensing requirements affect only businesses operating in the consumer credit field, but it should be remembered that extending credit to sole traders and partnerships may lead to the requirement to obtain a licence.

Deterrent

Most applicants have obtained the licences which they sought without difficulty, although there have been a number of instances where the Director General has required changes in trading practices before issuing a licence. While the number of actual refusals has been small it is argued in some truth that the value of the licensing system is principally as a deterrent against misbehaviour, since failure to obtain (or the subsequent loss of) a licence will effectively prevent the offender from continuing to operate in the credit field.

A number of sections of the Act were brought into force in 1977, starting as might be expected with the rules setting out which transactions were governed by the Act. These are basically credit or hire facilities to individuals where the credit extended or the hire rentals do not exceed £5,000, subject to certain exceptions, typical of which is that which excludes ordinary weekly or monthly credit accounts from the Act's control.

Possibly most widely known (even if not best understood) of the sections now in force is section 75 dealing with "connected lender liability." It has long been the case that a finance house extending credit by way of hire purchase or credit sale incurs liability for defects or *other breaches of contract in* relation to the goods so financed, simply because title to the goods passes through the finance house *which is thus technically speaking* acting as a retailer. Section 75 does not alter this but gives customers the right to sue a creditor *in a* "point of sale loan" or credit card transaction where the "supplier" (i.e., the retailer) is in breach of contract, thereby placing those forms of credit on a similar footing to hire purchase or credit sale.

Sections giving the Courts powers to re-open an "extortionate credit bargain" so as to do justice between the parties also came into force in 1977. Experience to date confirms that these are not a universal panacea for the debtor and that the Courts will attach considerable importance to such factors as the risks run by the creditor when deciding whether a bargain is extortionate.

Further sections give an individual a right to obtain a copy of the information held about him by a credit reference agency and prescribe a procedure for correcting inaccurate or misleading information. A customer can also obtain from a trader from whom he has sought credit the name of any agency consulted, even if this has not led to a refusal of credit.

Further sections in force regulate door to door canvassing and make it an offence to send a person an "unsolicited credit token."

As has already been made clear the sections so far in force represent a relatively small proportion of an Act intended to regulate all aspects of credit granting. With an Act of such complexity however a relatively slow process of implementation has considerable advantages, not only for traders and their customers but also for those whose task it will be to police the working of the Act.

P. J. Patrick
Secretary, Consumer Credit Trade Association

Fresh early Wall St. rise in very active trade

Closing prices and market reports were not available for this edition.

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—56% (54%)
Effective $2.0655—23¼% (22¾%)

NEWS THAT U.S. wholesale prices rose just 0.4 per cent in May after gains of 0.9 per cent in April and 1 per cent in March further boosted Wall Street early yesterday in very active dealings, although the market was below the morning's best at mid-session.

The Dow Jones Industrial Average, after further improving to $40.09 at 11.00 am, was a modest net 1.21 higher at $36.71 at 1 pm. The NYSE All Common Index was still a noteworthy 29 cents up at $57.52, after reaching $57.61, however, while gains retained a lead over falling issues by nearly a three-to-one margin. Trading volume was again up sharply to 30.29m shares from Wednesday's 1 pm level of 26.47m.

The news was even better than some optimistic Wall Street forecasts that had put the wholesale index rise at about 0.5 per cent. However, the market was rising on Tuesday and Wednesday, partly in anticipation of the report, and some profit-taking was evident yesterday.

The market was also benefiting from hopes that interest rates may be about to peak.

Energy stocks continued to be the centre of attraction and Gaming shares also advanced, but Golds fell sharply in sympathy with a retreat in Bullion prices. Some Airline issues were also weaker.

Among Energy shares, **Exxon** put on ⅜ to $52¼, **Mobil** $1 to $76¼, **Sun** 1½ to $53½, **Diamond Shamrock** $1 to $24, **Petrolane** 1½ to $42¼, **North American Coal** 2⅞ to $82¼ and **Transco** 1¼ to $27¼.

Bucyrus-Erie, a major producer of mining equipment, added ⅞ at $21½ in active trading. **Schlumberger** gained ⅜ to $73½ and **Halliburton** $1 to $69.

McDonnell Douglas topped the actives list and picked up ⅜ to $20¼, following recent weakness on the grounding of its DC-10 wide-bodied jet planes.

Continental Illinois Properties jumped $4 to $29¼. The company said that Bouverie Properties, of the U.S., an affiliate of the pension plan of the British National Coal Board, has offered $30 for Continental's shares, topping a $25 bid from Brabant, a Netherlands Antilles company.

THE AMERICAN SE Market Value Index advanced 1.76 more to 193.69 at 1 pm on another large volume of 4.86m shares (4.31m).

Amex volume leader **Great Basins Petroleum** added ⅜ at $12¼. It may seek a merger or sell its assets.

Tokyo

After extending Wednesday's strong rally, the market partially reacted on late profit-taking, although gains on the First Market section still outscored declines at the close by 355 to 261. Turnover was again moderate and totalled 270m shares, against the previous day's 300m.

The Nikkei-Dow Jones Average, after retrieving 51.69 on Wednesday, managed a fresh net gain of 10.61 at 6,186.26, while the Tokyo SE index put on 0.60 more to 443.83.

Export-orientated Electricals, Vehicles and some other Blue Chips met good early support from Investment Trusts, but a number later declined to finish lower on the day.

Nissan Motors were still Y10 up at Y685, helped by reports that Japanese car sales in the U.S. in May were up 47.3 per cent from a year ago, hitting a record.

Telecommunication Machinery Makers, like **Nippon Electric** and **Fujitsu**, also firmed, aided by news that domestic demand for computer systems is increasing and electronics parts sales are brisk.

Non-Ferrous Metals rose widely in the morning on the discovery of a copper, zinc and lead ore deposit in North Japan, but profit-taking left them mainly lower on balance, with **Dowa Mining** off Y2 at Y324 and **Nippon Mining** Y3 easier at Y255.

Shipping Lines opened firmer, but closed on a mixed note. Oils continued to react on liquidations after recent strength, but Coals and Petrochemicals were higher.

Paris

Shares continued to recover over a broad front, with institutional investors prominent buyers. Trading became active, with the Bourse Industrials index rising 1.4 more to 78.6.

Brokers remarked that the market advanced despite the widely-held view that French interest rates have yet to peak. The Call Money rate was increased to 8 per cent yesterday from the previous 7⅞ per cent.

Oil issues were strong, with CFP rising 6 per cent on sharply higher 1978 profits and prospects for another good year in 1979.

Among companies which reported results on Wednesday's Roussel-Uclaf rose FFr 11 to FFr 319 and Elf-Aquitaine FFr 6 to FFr 665.

Stores, Mechnicals, Electricals and Constructions were also broadly higher, but declines predominated among Foods and Metals.

Leading the day's gains were Paris-France and Europe 1, both of which ended 10 per cent above their Wednesday closing levels.

An exception to the trend was the airline **UTA**, which was temporarily suspended due to an influx of selling orders. Dealers noted that it is the only French airline to operate DC-10 aircraft.

Germany

The market further declined in light trading and, although many leading shares showed some technical recovery by the close, the Commerzbank index was 7.3 weaker on the day at a new 1979 low of 719.4.

BMW were only 50 pfennigs easier on the day, but the Motors sector otherwise remained particularly depressed, with **Daimler-Benz** falling DM5 and **Volkswagen** DM3, reflecting petrol shortage fears.

Lufthansa retreated DM2.60 on consideration of its DC-10 aircraft.

Siemens lost DM2.10 in Electricals, **Horten** DM2.50 in Stores and **Linde** DM1.50 in Engineerings. However, **Deutsche Bank** improved DM1 and **Dresdner Bank** DM1.50, while **Preussag** gained DM2.50.

In the Domestic Bond market, Public Authority issues lost up to 55 pfennigs more, but on balance the Bundesbank sold DM 2.3m nominal of paper after buying DM 6m the previous day. The New Federal Loan met slight interest. Mark-denominated Foreign Loans shed up to ½ a point.

Australia

The Industrials sector and a number of Mining leaders sustained sharp falls following news that the Government, through the Reserve Bank, had pushed up interest yields on long-term bonds. Dealers said that there is a prevailing view *that official interest rates could* rise again. The Sydney All Ordinaries Index retreated 6.70 to 584.45.

Brokers said reports that spot oil prices in North America had reached record levels was also worrying the market but this news helped selected energy Resources stocks to improve.

Market leader **BHP** closed 20 cents down at A$9.18, after touching A$9.14, while **CSR** receded 10 *cents to A$3.90, Carlton United* **Brewery** also 10 cents to A$1.80, **Australia Consolidated Industries** 7 cents to A$1.83 and **ICI Australia** 5 cents to A$2.25. In easier Banks, **ANZ** shed 5 cents to A$4.63.

Among Minings, **CRA** fell 15 cents to A$3.30, **Western Mining** 13 cents to A$2.25 and **MIM** 9 cents to A$3.10.

However, **Renison Tin** contrasted with a rise of 20 cents to A$10.80 in active trading, while Uranium concerns **Queensland Mines** and **Kathleen Investments** advanced 15 cents to A$3.20 and 10 cents to A$3.20 respectively.

Gold shares also gained ground, reflecting high Bullion prices and strong demand at the IMF gold auction. **Gold Mines Kalgurli** climbed another 8 cents to A$1.50.

One of the Rundle Oil Shale twins, **Central Pacific**, was well supported and rose 40 cents to a new peak of A$10.60 ahead of its annual general meeting today. Its partner, **Southern Pacific**, put on 10 cents to A$4.25.

Hong Kong

Market drifted easier on light selling concentrated in leading issues. The Hang Seng index shed 3.44 to 553.24.

Hong Kong Wharf lost 25 cents to HK$34.50, **Jardine Matheson** 20 cents to HK$11.70, **Swire Pacific "A"** 15 cents to HK$8.20, **Hong Kong Bank** 10 cents to HK$13.20, **Hutchison Whampoa** 7.5 cents to HK$4.45 and **Hong Kong Land** 5 cents to HK$7.30.

Hong Kong Hotels declined 30 cents to HK$17.50 and **Sime Darby** 10 cents to HK$7.90, but **Hutchison Properties** rose 20 cents to HK$10.60 and **Sun Hun Kai Properties** 5 cents to HK$9.85.

Johannesburg

Modest mixed movements were recorded in Gold shares, with a downturn in Bullion prices from their record high levels acting as a drag on sentiment.

Following disappointing dividend announcements, *Stilfontein shed 15 cents to R7.85* and **West Rand Consolidated** 10 cents to R3.30.

Diamond leader **De Beers** *advanced 12 cents to R8.35 on* London demand. Coppers were mixed.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
○ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f France. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

Indices

NEW YORK—DOW JONES

	June 6	June 5	June 4	June 1	May 31	May 30	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	835.50	831.34	821.90	821.21	822.55	822.16	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.75	84.36	84.21	84.33	84.46	84.47	85.90 (2/2)	82.32 (8/5)	—	—
Transport.	236.12	236.61	234.51	233.18	233.16	232.62	250.12 (6/6)	205.78 (27/2)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.08	102.47	102.20	101.83	101.89	101.79	104.84 (6/4)	98.51 (15/5)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's†	40,100	35,090	24,060	24,530	30,380	29,420	—	—	—	—

◆ Day's high 841.04 low 829.26

	June 1	May 25	May 18	Year ago (approx)
Ind. div. yield %	6.16	6.01	5.96	5.50

STANDARD AND POORS

	June 6	June 5	June 4	June 1	May 31	May 30	1979 High	1979 Low	Since C'mpil'n High	Since C'mpil'n Low
‡Industr'ls	112.72	111.96	110.40	110.25	110.19	110.25	118.69 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	101.30	100.62	99.32	99.17	99.08	99.11	103.54 (10/4)	96.18 (27/2)	125.85 (11/1/6)	4.40 (1/6/32)

Country				
Australia (¶)	584.45	591.15	597.68 (19/3)	545.73 (3/1)
Belgium (‖)	106.01	107.69	108.03 (5/6)	98.80 (5/1)
Denmark (**)	95.00	95.10	97.22 (10/5)	89.32 (5/1)
France (††)	78.6	77.2	81.6 (2/5)	71.5 (15/2)
Germany (‡‡)	719.4	726.7	839.6 (16/1)	719.4 (7/6)
Holland (§§)	71.5	71.4	86.9 (24/1)	71.5 (7/6)
Hong Kong (¶¶)	553.24	556.68	562.90 (5/6)	495.88 (2/1)
Italy (‖‖)	77.21	77.59	80.01 (4/6)	66.58 (2/1)
Japan (a)	445.83	445.25	462.87 (31/1)	436.23 (10/4)
Singapore (b)	402.28	405.24	404.13 (28/6)	346.34 (23/2)
Spain (d)	86.47	86.42	111.56 (9/5)	83.04 (12/1)
Sweden (e)	347.72	355.88	401.34 (6/2)	347.72 (7/6)
Switzerl'd (f)	304.9	307.2	329.1 (2/5)	294.0 (5/1)

Indices and base dates (all base values 100 except NYSE All Common—50: Standards and Poors—10: and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Gulf and Western	883,900	14⅞	+ ⅛
Caesars World	826,900	28⅛	—
F. W. Woolworth	585,500	26⅛	+ ⅜
Charter Co.	568,000	23⅝	+3⅛
McDonnell Doug.	497,300	20⅛	−2⅞
Ramada Inns	449,900	11⅞	+ ⅛
Pan-Am Airways	387,400	6⅛	+ ⅛
IBM	383,500	77⅛	− ⅛
Gulf Oil	339,000	26⅛	+ ⅛
Amer Home Prod.	336,600	28⅛	− ⅛

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Banks Ltd.	12 %
Amro Bank	12 %
American Express Bk.	12 %
A P Bank Ltd.	12 %
Henry Ansbacher	12 %
Associates Cap. Corp.	13 %
Banco de Bilbao	12 %
Bank of Credit & Cmce.	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Bremar Holdings Ltd.	13 %
Brit. Bank of Mid. East	12 %
■ Brown Shipley	12 %
Canada Perm't Trust	12 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	12 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
Credit Lyonnais	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
English Transcont.	12 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Julian S. Hodge	13 %
Hongkong & Shanghai	12 %
Industrial Bk. of Scot.	12 %
Keyser Ullmann	12 %
Knowsley & Co. Ltd.	13½%
Lloyds Bank	12 %
London Mercantile	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Rossminster	12 %
Ryl. Bk. Canada (Ldn.)	12 %
Schlesinger Limited	12 %
E. S. Schwab	13 %
Security Trust Co. Ltd.	13 %
Shenley Trust	14 %
Standard Chartered	12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
Twentieth Century Bk.	13 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%, 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10%, and over £25,000 10½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9½%.

EUROPEAN OPTIONS EXCHANGE

NEW YORK

CANADA

GERMANY ◆

June 7	Price DM.	+ or −	Div. %	Yld. %
AEG	44.7	−0.4	—	—
Allianz Versich.	429.5	−1.0	31.2	3.6
BMW	200.5	−0.5	28.12	7.0
BASF	131.0		18.75	7.2
Bayer	130.8	−0.5	18.75	7.2
Bayer.Hypo	240.5	−1.5	28.12	5.8
Bay. Vereinsbk.	255xd	−1	28.12	5.4

TOKYO ¶

June 7	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	340	+4	14	2.1
Canon	535	+4	12	1.1
Casio	690		25	1.8
Chinon	525		20	3.1
Dai Nippon Print	550		18	1.6
Fuji Photo	605	+1	15	1.2
Hitachi	247	−3	12	2.4
Honda Motors	539	+2	18	1.7

AUSTRALIA

June 7	Aust. $	+ or −
ACMIL (25 cents)	10.66	
Acrow Australia	†1.08	
AMATIL $1	†2.50	
Ampol Exploration	†1.40	
Ampol Petroleum	†0.65	
Assoc. Minerals	†1.82	−0.01
Assoc. Pulp Paper $1	†1.88	

STOCKHOLM

June 7	Price Kroner	+ or −	Div. Kr.	Yld %
AGA AB (Kr. 40)	162xd	−7	6	3.7
Alfa Laval (Kr.50)	120xd	−1	6	5.0
ASEA (Kr.50)	66	−½	5	7.6
Atlas Cop. Kr25	71.5	−2.5	5.8	8.2
Billerud	59		—	—
Bofors	114	−2	5	4.4
Cardo	148	−7	5.75	3.9
Cellulosa	230xd	+5	11	4.8

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ○

COPENHAGEN ♣

MILAN

VIENNA

OSLO

JOHANNESBURG

SPAIN ♥

BRAZIL

Financial Rand U.S.$0.91½ (Discount of 22½%)

Walker plans farm marketing probe

BY CHRISTOPHER PARKES

MR. PETER WALKER, Minister of Agriculture, plans to appoint three or four "lively-minded" observers and advisers to scout around the UK farming industry for ways to improve produce marketing.

This is his substitute for the grander-scale marketing investigations by committee planned by the Labour Government in its recent White Paper.

The Minister said yesterday he had little time for committees and commissions, which seemed to him to be more a means of delaying action than getting things done.

The "wise men" would be free to publicise their findings at any time and Mr. Walker said he would assess their recommendations as their probings continued. He hoped to institute changes, assistance and new schemes as the investigation developed rather than wait for an all-embracing report.

He refused to detail the timing and extent of the next devaluation of the "green pound"—the over-valued exchange rate in which European farm prices are converted into sterling.

However, an adjustment of at least 5 per cent appears necessary in the autumn, possibly September, if farmers are not to suffer badly next winter.

Pig producers might even benefit from special selective changes before then.

Mr. Walker ruled out any cuts in public spending on the farm advisory service, ADAS, which has an annual budget worth about £200 for every farmer in the country. If anything, he aimed to improve the workings of ADAS, particularly in the regions, he said.

British agriculture has been woefully slow in catching up with the marketing techniques employed by its European competitors.

The sweeping success of the French with Golden Delicious apples, the Danes with their bacon, the Irish with beef and dairy products and others selling more specialised products have taught British producers many hard lessons since accession to EEC membership.

In many cases UK producers have blamed their lost markets on "unfair competition" resulting from EEC regulations, but in most sectors they have only their own slowness to adapt and their optimistic reliance on "traditional" eating patterns to blame.

Farm policy conflict that started 100 years ago

FINANCIAL TIMES REPORTER

WITHOUT fundamental changes, Britain and West Germany are never likely to see eye to eye on a Common Market agricultural policy, it was claimed yesterday.

Both countries are following different agricultural policies, and have been for more than 100 years. The Centre for European Agricultural Studies at Wye College said the agriculture ministers of both the UK and Germany "are prisoners of their countries' histories as well as being spokesmen of current political power."

In reports comparing the state of agriculture in the two countries, the centre said: "The UK and Germany have had divergent policies for their agriculture since the 1870s, when the advent of cheap grain from North America and livestock products from the southern hemishpere led to totally different policy decisions.

"Germany chose the path of protectionism whilst the UK preferred that of free trade. A hundred years later the fundamental difference of structure, levels of achievement, and political attitudes towards the agricultural sector, stemming from this earlier decision, can be seen."

West Germany is now the "rich man" of Europe, the report says, and does not consider high-cost agriculture and high consumer prices as intolerable, so long as industrial production flourishes.

"No doubt this is a healthy outlook, so long as the West German economy remains strong and industry can absorb those who leave the farms.

"While this precondition happily prevails, it is important that Germany should not relax its efforts to create an agricultural sector which, for cost-effectiveness, can stand comparison with the achievements of West German industry."

The three reports are obtainable from Wye College, Ashford, Kent, price £4 each.

British bacon up £30

By Our Commodities Staff

BRITISH AND Ulster bacon curers have raised their first-hand prices by £30 to £1,095 a tonne this week. But the Danish bacon price remains at £1,150 a tonne.

Danish supplies have been held up for the past two weeks by a pay dispute resulting in a go-slow at the port of Esjberg and a strike at the port's container washing plant. The washing plant dispute is now reported to have been settled but the dock go-slow continues.

These problems have led to 2,000 tonnes of Danish bacon exports to the UK being held up and with demand remaining quite good the British and Ulster producers have taken this opportunity to narrow their discounts against the Danish product.

A bacon wholesaler said yesterday he expected the rise, which averages about 1.5p a pound on a complete side, to be concentrated on gammons and middle cut rashers, which may rise 1-2p a pound.

Ess-Food, the Danish bacon co-operative, stressed yesterday that its official pricing policy, of never offering discounts on its first-hand price, remained unchanged.

Referring to a report that discounted Danish bacon had cost a British curer sales, a company spokesman said if the report was correct, whoever had offered the discount—said to be £142 a tonne—would have had to absorb the loss himself.

London coffee prices lower

By Our Commodities Staff

COFFEE FUTURES prices fell on the London market yesterday for the first time since last week's frost struck in Brazil. After trading in a narrow range all day the Septembr position closed at £1,856.5 a tonne, down £19.

As remaining fears of further frost outbreaks in the near future faded traders began to look ahead to the first official estimate of the damage which is now expected early next week. And most of them appeared to have decided that this will probably put the damage lower than current trade estimates of 5-7m bags (60 kilos each) of beans in the 1980-81 season and 1m in 1979-80.

Shortages drive lead to new records

BY OUR COMMODITIES STAFF

LEAD PRICES on the London Metal Exchange yesterday continued their rapid surge upwards to new, and according to one dealer, "crazy," peaks.

Cash metal closed last night £18 a tonne higher at £701 while three months lead climbed £16.75 during the day to £642.5.

A leading trader said the increases of the past few days illustrated the shortage of ore concentrates, the shortage of refined metal and scrap, difficulties in European and U.S. refineries and the unrelenting demand for lead from most sectors of industry.

Speculators were no longer playing much of a part in the market, most having taken their profits already, he claimed.

"I should think the end of this boom is imminent," a dealer commented. "But since these 'short-term difficulties' have already lasted six months, who can say."

Most traders cited rumours of continued buying by Eastern bloc countries.

Stocks of refined lead in OECD European countries at the end of April were only 58,109 tons compared with 60,112 tons a month earlier and almost 80,000 tons at the end of April 1978, according to figures published yesterday by the International Lead and Zinc Study Group.

Production of ores, concentrates and refined lead was lower than in March but significantly higher than in April 1978.

Profit-taking continued in the nickel market yesterday and has almost wiped out the gains made earlier in the week. Three months metal closed £55 lower at £3,365 a tonne.

Aluminium prices remained firm, however, as the market absorbed the threatened strain on supplies caused by the closure of three Alcan smelters in Quebec.

Cash aluminium gained a further £8 to £796.5 a tonne and the three months quotation moved up £4 to 792.5.

Cod quotas slashed

BY A CORRESPONDENT

HALIFAX, Nova Scotia—The International Commission for the North Atlantic Fisheries (ICNAF) has set temporary quotas for cod, redfish and flounder on the Flemish Cap and Grand Banks, leaving little for European trawlers.

Cod quotas have been slashed to one quarter of what they were this year on the Flemish Cap and the fishery has been closed on the Grand Banks. The total allotment to the EEC will be 2,000 tonnes, at least for the first four months of 1980 after which cod quotas will again be reviewed.

British observers said they expected the division of the catch between the EEC countries might leave Britain with as little as 500 tonnes of cod—enough, they say, for no more than one trip for one vessel across the Atlantic next year.

Bilateral negotiations between Canada and the EEC for fishing rights within the Canadian 200-mile limit are not looking healthy either, according to M. Marcusson, head of the EEC delegation.

M. Marcusson said EEC countries were in a position where they would soon have to begin to sell and convert fishing vessels for uses other than fishing.

UK FARMING

Enough's enough

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

MOST FARMERS welcome a wet and drippy May, and the month just past has been one of the drippiest I can remember. In fact whatever agency organises the weather has responded to our requests with such enthusiasm that after six inches of rain on my own farm I would like a halt to be called in the constant downpours.

I went to Spain on May 13 and when I returned a week later there had been an incredible change in the growth of all crops. Their colour had deepened to a rich dark green, and some of the wheat had grown at least a foot in height. When I left it was still thin and had hardly started to shoot, and on my return it was showing the stalk and a most beautiful flag-leaf, broad and unblemished by any of the fungoid discoloration which we are told reduces yield.

Of course, all this promise is mainly when seen from the horizontal. No amount of compensatory growth is going to fill the gaps where the plants died from the frost, but the yields should be far in excess of what I, in my depression, imagined a month ago. Of course a great deal can go wrong between now and harvest. Storms such as we had on May 30 could beat down crops at a more vulnerable stage. Sudden attacks of fungus trouble could reduce yields, and continuous bad weather make spraying impossible. All I can say now is that the crops look very well.

But such beauty is in the eye of the beholder, and the interested beholder at that. I entertained a party of French farmers last week and we drove round in a bus. If you want to show off a farm don't use a bus because it enables the viewers to take a slightly more elevated view than can be seen from the ground, and the thinness of the crops was most apparent.

After looking at a not-very-good piece of wheat they began to ask me if I belonged to what they called the 100 quintal club, which being translated means the 10-tonne a hectare club. This is an organisation of British farmer which tries—and some succeed—to grow 10 tonnes of wheat a hectare, or four tonnes an acre. I admitted that I wasn't a member but said that last year some of my neighbours had reached that level of production by following a sort of blue-print system of fertilising and spraying.

But they said everyone in France had been told that many farmers in Britain were in fact getting these results, while they themselves had been trying the same techniques and had not yet succeeded to a like degree. They told me the crops they had seen just driving through the country were no better than those they had left at home, from which they expected a yield of 50 to 60 quintals a hectare. They also said that their own trials had found that in many cases the expenditure recommended, especially on sprays, was not recovered and that their most profitable crops were still about the half way to 10 tonnes.

I think this discussion highlighted the difference between Britain and Northern France, where they came from. In France in general cereal crops mature much faster than they do in the damp and cooler summers we usually enjoy, and the grain cannot fill quite as well. It is worth noting that the long cool summer of 1978, while delaying harvest, produced some marvellous grain crops and this delayed maturity was the prime cause.

The past winter must have provided a good test of the different cultivation systems which are coming in. These can be summed up as traditional, beginning with ploughing and ranging to the absolute minimum—direct drilling into undisturbed soil. In my own case all systems were used.

The results so far have been rather confusing. Where the crops suffered most the crucial factor seemed to be the type of soil, and the light chalk soils were far more affected than those of a heavier character whatever cultivation preceded sowing. Otherwise, on my own farm the best results have been where snow covered the fields for most of the frost and the system of cultivation before sowing seems to have had little to do with the result.

In general, though, my preparations had been guided by what was considered the best way of getting the seed into sufficient tilth to establish itself, and maintaining moisture in the drought conditions of last autumn. This meant altering methods for every field. Which after all is what the art of husbandry is all about.

Grass, of course, has also grown much better than I would have believed possible, and is covering some of the blank spaces left by the frost. Some of my lambs have done very well indeed and I was happy when I weighed the first lot and found I could send away more May lambs than ever before and at a price which I would never have believed possible in the wildest dreams of avarice.

However, this happy result has been paid for by the most expensive period of winter feeding that I have ever suffered, and a larger preponderance of single lambs than I like to see, mainly because the drought did reduce fecundity.

I must report, though, that the pig trade continues in the doldrums and I cannot understand why the housewife is paying high prices for beef and sheep when she could buy pork at about half the price. Which in these days of refrigeration is a marvellous summer meat.

Call for subsidies to scrap fishing boats

BY RICHARD MOONEY

THE UK Government should take steps, including subsidies for scrapping boats, to halt the "dangerous" increase in the catching power of the British fishing fleet without further delay, Mr Charles Meek, chairman of the White Fish Authority, said in London yesterday.

Last year an extra 86 vessels — mostly second hand — were imported and a couple of dozen more were added in the first two months of 1979.

He was particularly concerned that many of these vessels were purse seine trawlers of "immense catching power."

The WFA chairman said the catching capacity of the UK fleet was already adequate to take all the fish likely to be available to it in the foreseeable future.

"But if we continue to have uncontrolled entry to fisheries," Mr Meek warned, "these subsidised scrappings would simply be replaced by new vessels.

"The fleet reduction programme must therefore include a licensing scheme which would limit the entry of new vessels into fisheries."

Mr Meek had just returned from Canada where he led a seven-man fact-finding mission studying the development of restrictive licensing schemes in that country over the last 10 years.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Marginally firmer on the London Metal Exchange. After opening lower at £882 forward metal fell back to £877 on the pre-market following long liquidation and speculative selling. However, in the rings the price picked up to around £886 owing to cash buying. Over the lunchtime period a downturn in silver and a lower than expected Comex opening saw the price weaken to £880 before a strong rally helped it recover to £893 and finally £891 on the late kerb. Turnover: 22,050 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £875, 74, 73.5, three months £881, 82, 83, 84, 85, 86, 85, 85.5, 85. Cathodes, cash, £849, 48, 50, 50.5. Three months £869, 70.5. Kerb: Wirebars, three months £885.5, 86. Afternoon: Wirebars, three months £884, 86, 85.5, 86, 85.5, 87, 88, 89, 89.5, 90. Kerb: Wirebars, three months £890, 91, 92, 93, 92.5, 92, 91.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	875-.5	—9	877.5-8	+5.25
3 months	885-.5	—8	890.5-91.5	+2.75
Settl'ment	875.5	—9	—	.....
Cathodes				
Cash	850-.5	—6.25	850-5	+5.5
3 months	870.5-1	—6.75	874-5	+5
Settl'ment	850.5	—6.5	—	.....
U.S. Smt.	—	.....	*81.65-3.25	.....

TIN—Barely changed. Forward metal moved narrowly in the morning around the £7,180 level but picked up in the afternoon to touch £7,210 following fresh buying against U.S. physical business. This buying was met by selling from one particular source, which pared the price to £7,190 on the late kerb. Turnover: 1,475 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7460-70	—7.5	7460-70	—45
3 months	7170-90	+10	7180-200	+10
Settlem't	7470	—5	—	.....
Standard				
Cash	7460-70	—10	7460-70	—45
3 months	7160-90	+20	7170-80	+10
Settlem't	7470	—10	—	.....
Straits. E.	£$1980	—1	—	.....
New York	—	.....		.....

Morning: Standard, cash £7,460. Kerb: Standard, cash £7,460, three months £7,170, 80. Afternoon: Standard, cash £7,150, three months £7,180, 7,200, 10, 7,200, 05, 7,200, 7,180. Kerb: Standard, three months £7,180, 85.

LEAD—Sharply higher again with the tight nearby supply situation, fresh speculative and trade buying, short covering and reported Soviet demand pushing forward metal up to a record £647 in the late inter-office dealings. Turnover: 17,600 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	689-90	+6	700-2	+18
3 months	655-4	+6.5	642-3	+16½
Sett'ment	690	+6	—	.....
U.S. Spot.	—	.....	*54-6	.....

Morning: Cash £686, 87, 88, three months £630, 29.5, 29, 28, 27, 26, 27, 28, 29, 30, 32, 33, 33.5. Kerb: Three months £634, 35, 36. Afternoon: Three months £640, 39, 40, 42, 44, 45, 46, 44, 45, 44, 43, 42. Kerb: Three months £642, 42.5, 42, 43, 43.5.

ZINC—Firmer following fresh buying and trade support coupled with the strength of the other metals pushing forward metal up from £375 to £379 on the late kerb. Turnover: 12,600 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	367-.8	+3	367-8	+.75
3 months	378.5-9.5	+5	378.5-9	+1
S'ment	369	+5	—	.....
Prim.west	—	.....	*39.5	.....

Morning: Three months £379, 79.5, 80, 79, 78.5, 79. Afternoon: Cash £368, three months £379, 80, 79, 78.5. Kerb: Three months £380, 79.

ALUMINIUM—Gained further ground and still continuing to reflect the Alcan situation. Fresh buying and speculative buying enabled forward metal to rise to a day's high of £797 before a close on the late kerb of £793. Turnover: 5,225 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	789-9	+14	795-8	+8
3 months	795.5-6.5	+8.5	792-3	+4

Morning: Three months £792, 91, 92, 92.5, 93, 92, 94, 95, 96, 97, 96, 95, 95.5. Kerb: Three months £796. Afternoon: Three months £794, 93, 92, 91, 92. Kerb: Three months £792, 91, 92, 92.5, 93.

NICKEL—Easier in subdued trading with profit-taking paring forward metal from £3,400 on the early pre-market to a day's low of £3,330 before a close on the late kerb of £3,380. Turnover: 528 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot				
3 months	3380-90	—88	3360-70	—55

Morning: Three months £3,360, 70, 80, 90. Kerb: Three months £3,395. Afternoon: Three months £3,350, 30, 40, 50, 80.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 7.0p an ounce lower in the London bullion market yesterday at 408.6p. U.S. cent equivalents of the fixing levels were: spot 844.6c, down 19.2c; three-month 864.9c, down 18.8c; six-month 881.1c, down 19.5c; and 12-month 915.7c, down 20.0c. The metal opened at 410-411p (848-850c) and closed at 404½-405½p (835-837c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	408.6p	—7.0	403.5p	—7.35
3 months	419.7p	—7.0	415.65p	—7.4
6 months	429.2p	—7.0	—	.....
12 months	448.7p	—7.0	—	.....

LME—Turnover 535 (200) lots of 10,000 ozs. Morning: Three months 419.4, 9.2, 9.4, 9.5, 9.3, 19, 18.6, 8.5, 8.7, 8.6. Kerbs: Three months 418.5, 18, 17.7, 7.6, 18, 17.8. Afternoon: Three months 415, 5.5, 5.2, 15, 16, 6.5, 6.4, 6.2, 16, 15.8, 5.7. Kerbs: Three months 415.8, 5.5, 5.3, 15, 14.8.

COCOA

Cocoa futures remained steady during an inactive day to close marginally higher than last nights levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1700-1702	+1.5	1705-1690
Sept	1728-1729	.....	1734-1715
Dec	1793-1794	+8.5	1794-1760
March	1805-1808	+10.0	1803-1793
May	1820-1827	+9.5	—
July	1832-1847	+10.0	—
Sept	1849-1860	—1.5	1850-1848

Sales: 862 (1,176) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price June 6: 159.62 (152.08); indicator prices for June 7: 15-day average 155.19 (155.45); 22-day average 153.80 (153.31).

COFFEE

Robustas tended to ease lower during the early morning period but good buying from trade source sparked a sharp rally at the lunchtime call reported Drexel Burnham, Lambert. In the afternoon trading was well matched in good volume as values fluctuated in a £20 range throughout and prices settled to finish £8.30 lower on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1843-44	—15.0	1845-1838
September	1856-57	—19.0	1868-1840
November	1871-74	—08.0	1884-1855
January	1876-77	—18.0	1894-1860
March	1860-68	—24.0	1865-1860
May	1853-60	—25.5	1860-1855
July	1844-45	—30.0	—

Sales: 7,148 (16,090) lots of 5 tonnes.

ICS indicator prices for June 6 (U.S. cents per pound): Other Mild Arabicas 183.25 (183.00); Robustas ICA 1976 175.00 (174.00); ICA 1968 175.50 (174.50); Colombian Mild Arabicas 186.50 (186.00); Unwashed Arabicas 181.00 (unavailable). Comp. daily ICA 1969 180.46 (172.67).

GRAINS

LONDON FUTURES (GAFTA)—The market opened 25p higher and in fairly active trading. Options increased on fairly good trade and country buying to close 55-65p higher on wheat. Barley also saw good commercial buying interest and closed firm 35-45p up on the day.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	92.00	+0.55	86.25	+0.35
Nov.	95.05	+0.55	89.95	+0.35
Jan.	99.00	+0.65	93.80	+0.45
Mar.	102.20	+0.55	97.10	+0.45
May	105.65	+0.60	101.35	+1.35

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent, June 92.50, July and August 92.25, transhipment East Coast. U.S. Hard Winter 13½ per cent unquoted. EEC unquoted. Maize: U.S./French June 110.75, July 111.00, transhipment East Coast. South African White unquoted. South African Yellow June 79.00, nom. Barley: English feed fob unquoted.

HGCA—Location ex farm spot prices. Feed barley: North Lincoln 90.80, Hampshire and W Sussex 91.30. Other milling wheat: North Lincoln 100.80.

The UK monetary coefficient for the week beginning June 11, will decrease to 1.182.

EEC IMPORT LEVIES—The following levies and premiums are effective for June 8 in order current levy plus July, Aug. and Sept. premiums, with previous in brackets. All in units of account per tonne. Common wheat: 93.82, rest nil (95.92, rest nil). Durum wheat: 146.99, rest nil (146.99, rest nil). Rye: 98.87, rest nil (101.34, rest nil). Barley: 98.52, rest nil (100.06, rest nil). Oats: 97.24, rest nil (98.00, rest nil). Maize (other than hybrid for seeding): 89.68, rest nil (89.68, rest nil). Buckwheat: 6.96, rest nil (6.96, rest nil). Millet: 89.67, rest nil (89.67, rest nil). Grain sorghum: 98.10, rest nil (98.10, rest nil). Flour levies: Wheat or mixed wheat and rye flour: 145.84 (149.06). Rye flour: 153.10 (157.48).

COTTON

LIVERPOOL—Spot and shipment sales in Liverpool amounted to 85 tonnes, bringing the total for the week so far to 87 tonnes. Although demand was not stagnant, little was heard of additional business. Users were not inclined to look around for fresh supplies, even in the recognised growths.

RUBBER

STEADIER opening on the London physical market. Good demand throughout the day, closing firm. Lewis and Peat reported a Malaysian godown price of 321 (312) cents a kilo (nominal buyer, June).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
July	68.00-68.70	69.10-68.80	—
Aug	68.75-69.20	65.80-66.10	—
Jy-Sept	68.95-69.25	65.80-66.05	69.10-67.75
Oct-Dec	71.30-71.55	67.90-67.95	71.45-67.65
Jan-Mar	73.15-73.25	69.65-69.90	73.65-69.80
Apr-Jne	74.85-74.95	71.60-71.65	74.15-73.25
Jy-Sept	76.75-77.00	73.55-73.60	76.20-75.50
Oct-Dec	78.75-78.80	75.45-75.65	78.75-77.40
Jan-Mar	80.75-80.80	77.60-77.70	80.75-78.70

Sales: 728 (370) at 15 tonnes.

Physical closing prices (buyer) were: Spot 67p (64.25); July 71.25p (68.5); Aug. 71.25p (68.5).

SOYABEAN MEAL

The London market opened firm due to weaker sterling and continued short covering, reported T. G. Roddick. Late in the session stop-loss buying kept the market strong to close near the highs of the day.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	125.50-26.0	+2.0	127.10
August	128.60-28.8	+2.5	129.10-126.50
October	129.60-29.7	+2.1	128.90-126.20
December	129.90-30.1	+2.7	130.00-127.60
February	130.50-31.4	+2.95	128.40-129.00
April	128.00-33.5	+3.5	—
June	129.00-34.0	+0.65	—

Sales: 123 (49) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £100.00 (£101.00) a tonne cif for May-June shipment. White sugar daily price was £106.50 (same).

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	109.20-09.25	109.20-09.25	109.50-07.10
Oct.	112.55-12.40	115.25-15.30	113.50-11.10
Dec.	116.05-16.15	117.00-17.05	116.50-14.90
March	120.70-20.75	121.40-21.45	121.25-19.50
May	125.25-23.45	125.95-24.00	122.25-22.00
Aug.	125.75-27.00	127.40-28.00	—
Oct.	129.50-30.50	130.00-31.00	—

Sales: 2,077 (2,669) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £171,000 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 6: Daily price 8.00 (8.02). 15-day average 7.82 (7.80).

WHITE SUGAR—Close (in order buyer, seller, business, sales). July 106.35, 07.00, 106.50-06.25, 85; Sept. 111.00, 11.85, 112.50-11.00, 85; Nov. 114.00, 14.50, 115.00-14.50, 25; Feb. 121.45, 21.50, 121.50-21.00, 14; April 123.95, 24.00, 124.00-23.50, 4; July 127.75, 28.25, nil, nil; Sept. 130.75, 33.00, nil, nil. Sales: 214.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.80-£5.40, codlings £3.00-£3.70. Large haddock £5.00, medium £3.60-£4.60, small £2.20-£3.50; Large plaice £3.80-£4.80, medium £3.50-£4.50, best small £3.00-£4.60; Large skinned dogfish £7.50, medium £4.50; Large lemon soles £7.00, medium £6.00; Saithe £2.40-£2.60.

WOOL FUTURES

SYDNEY GREASY — Close (in order buyer, seller, business, sales). Micron Contract: July 389.0, 391.0, 391.0-389.0, 20; Oct. 392.0, 394.0, 396.0-392.0, 194; Dec. 393.4, 393.4, 397.0-393.0, 140; March 400.0, 400.5, 402.0-400.0, 108; May 403.0, 405.0, 404.0-403.0, 23; July 407.0, 408.0, 407.0-406.0, 6; Oct. 410.5, 412.0, 412.0-410.0, 8; Dec. 412.0, 416.0, nil, nil. Sales: 409.

LONDON GREASY—Close (in order buyer, seller, no business done). July 230.0, 230.0; Oct. 220.0, 235.0; Dec. 220.0, 240.0; March-May-July-Oct.-Dec. 230.0, 240.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller; no business done). July 197.0, 200.0; Oct. 196.0, 202.0; Dec.-March-May-July-Oct.-Dec. 203.0, 209.0.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 7 1979	+ or —	Month ago
Metals			
Aluminium	£710/60	....	£710
Free Mkt (cs)	$1650/660	+85.0	$1,580/60
Copper			
Cash w'bar	£877.75	+3.25	£948.25
3 mth	£890	+2.5	£956
Cash Cathode	£854	+3.5	£937.5
3 mth	£874.5	+5.0	£946.75
Gold troy oz.	$277.125	—1.75	$247.625
Lead cash	£701	+18.0	£574
3 mth	£642.5	+18.7	£537.25
Nickel	£3117.62	....	£2,728.75
Freemkt(cif)(lb)	300/40c	—20.0	280/310c
Platin'm'tr'y oz	£171	....	£171
Free mkt	£202.75	—5.05	£200.60
Quicksil'ver	$325/40	—2.5	$290/300
Silver troy oz	408.6p	—7.0	392.4p
3 months	419.7p	—7.00	409.9p
Tin cash	£7,465	—45.0	£7,395
3 mths	£7,175	+10.0	£7,157.5
Tungsten	$157.52	....	$155
Wolfrm 22.04 cif	$143/48	+1.5	$139/43
Zinc cash	£367.5	+0.75	£384
3 months	£378.75	+1.0	£395.75
Producers	$846	....	$800
Oils			
Coconut (Phil)	$1,060/	....	$1,120
Groundnut		....	
Linseed Crude	£388	....	£404
Palm Malayan	$654.5p	....	$654.5
Seeds			
Copra Philip	$712.5s	....	$730
Soyabean (U.S.)	$315.5	+6.2	$301.5
Grains			
Barley Futures	£89.95y	+0.35	£87.8
Maize			
French No 3 Am	£110.75	....	£111.5
Wheat			
No. 1 Red Spg.		....	
No2HardWint.		....	
Eng. Milling t.	£107.5s	....	£104.5
Other commodities			
Cocoa ship't	£1,802	+12.0	£1,675.5
Future Sept.	£1,728.5	....	£1,605.5
CoffeeFt'rSep	£1,856.5	—18.0	£1,550.5
Cotton A'index	75.3c	—0.40	75.35c
Rubber kilo	67p	+2.75	59.25p
Sugar (Raw)	£100	—1.00	£98
Woolt'ps 64s kl	279p	....	283p

* Nominal. † New crop. ‡ Unquoted. p August. r July. s July-Aug. t June-July. u June. w Sept. y Nov. x Per ton. z Indicator. § Buyer.

MEAT/VEGETABLES

MEAT COMMISSION — Average fatstock prices at representative markets on June 7. GB cattle 88.44p per kg.l.w. (+2.01). UK sheep 179.3p per kg.est.d.c.w. (—18.0). GB pigs 57.8p per kg.l.w. (—2.9). England and Wales: Cattle numbers up 11.1 per cent, average price 88.39p (+0.78). Sheep numbers up 35.5 per cent, average price 179.3p (—17.9). Pig numbers up 11.1 per cent, average price 57.8p (—2.9). Scotland: Cattle numbers up 8.5 per cent, average price 88.51p (+3.93).

SMITHFIELD—Pence per pound. Beef: Scotish killed sides 60.0 to 65.0; Eire hindquarters 84.0 to 85.0; forequarters 40.0 to 42.0. Veal: Dutch hinds and ends 98.0 to 104.0. Lamb: English small 74.0 to 84.0; Imported Frozen NZ PL 51.5 to 52.5, NZ PM 51.0 to 51.5. Pork: English, under 100 lbs 34.5 to 44.0, 100-120 lbs 34.5 to 42.5, 120-160 lbs 34.0 to 41.5.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Israeli: Valencia Lates 4.40-5.50; Cyprus: 5.00-5.80; Brazilian: 4.30-5.00; S. African: Navels 4.20-5.40. Lemons—Italian: 100/120s 4.90-5.00; Spania: Trays 30/40/45 1.80-2.20; S. African: 5.00-6.20; Brazilian Trays 2.80. Grapefruit—Cyprus 4.00-4.80. Israeli, Jaffa 35.88 4.00-4.50; S. African: 32/64 3.60-4.35. Apples—S. African: Granny Smith 7.00-7.30, White Winter Pearmain 5.00-5.50, Starking 5.80-6.80, Golden Delicious 6.40-7.00; New Zealand: Cox's Orange Pippins 7.60-8.50, Golden Delicious 6.80, Red Delicious 7.0; Tasmanian, Jonathans 5.50-5.60, Cox's Orange Pippins 7.00-8.30, Golden Delicious 4.60-4.80; W. Australian: Granny Smith 7.00; Washington, Red Delicious per box 8.00-10.00. French: Golden Delicious 72s 2.30-2.50, 84s 2.20-2.30, jumble pack per pound 0.08-0.10; Italian: Golden Delicious per pound 0.07-0.10, Rome Beauty 0.07; Dutch: Golden Delicious jumble pack 22-lb 1.40-1.50. Pears—S. African: Cartons Bourre Bosc 6.80-7.00, Packham's 8.30, Nelis 6.80. Bananas—Jamaican: Per 28-lb 4.20-4.40. Grapes—S. African: Cartons, Barlinka 4.90, New Cross 6.00, Golden Hill 6.50, Emperor 4.80; Israeli: Perlette 4.50. Peaches—Spanish: C/Bs 3.50-4.30. Apricots—Spanish: 2.50-3.30. Strawberries—Italian: Approx. ½-lb punnets 0.25-0.27½. Cherries—French: Per pound 0.35-0.40; Italian: 0.45-0.50. Avocados—S. African: 2.80-3.00. Onions—Dutch: 2.40-3.30; Chilean: 4.50; Canary: 4.50; Israeli: 3.90-4.20; Texas: 4.50; Spanish: 3.50. Tomatoes—Jersey: Per tray 3.50; Dutch: 3.40-3.50; Guernsey: 4.0-4.20. Cabbages—Dutch: White, net 5.00-5.50. Potatoes—Egyptian: 50-lb 3.50-4.50; Cyprus: 5.70; Jersey: Per pound 0.11; Greek: 4.00; Italian: 3.80; Spanish: Majorca 4.50-5.00; Israeli: 4.00; Brittany 4.80-5.40. Capsicums—Canary: 5-kg 3.00-3.50; Spanish, 5 kilos 4.00. Carrots—Cyprus: 10 kilos 2.50-3.00. Italian: approx 22-lb 3.00-3.20; Texas: Per pound 0.17. Asparagus—Californian: Per pound 0.90-1.00; Hungarian: 0.80. Melons—Spanish: 2.50-3.50. Israeli: Yellow 6.00. Water-Melons—Israeli: 3.85-4.00.

English Produce: Potatoes—New crop per pound 0.10, old crop per 25-kg 2.00-3.10. Lettuce—Per 12 round 0.60-0.80, Cos 1.20-1.80. Mushrooms—Per pound 0.30-0.70. Apples—Per pound Bramley 0.04-0.09. Beetroot—Per 28-lb 1.00, long 1.80. Carrots—Per 28-lb 1.80-3.20. Onions—Per 56-lb 2.50-3.40. Rhubarb—Per pound outdoor 0.03-0.05. Tomatoes—Per 12-lb 3.40-3.60. Cucumbers—Tray 8-15s 2.00-2.50, prepack 2.80-3.40. Cauliflowers—12s 4.00-5.00. Spring Greens—Per crate Kent 1.00-1.30. Asparagus—Per pound 0.50-0.70. Celery—Boxes 12/30s 3.50-4.50. Strawberries—Per ½-lb 0.20-0.25.

AMERICAN MARKETS

NEW YORK, June 7.

Cocoa—July 154.40 (153.40), Sept. 157.60 (156.60), Dec. 160.40, March 161.40, May 162.50, July 163.60, Sept. nil.

Copper—June 81.60 (79.10), July 82.00 (79.50), Aug. 82.45, Sept. 82.80, Dec. 83.80, Jan. 83.95, March 84.40, May 84.65, July 84.85, Sept. 85.05, Dec. 85.30, Jan. 85.35, March 85.40.

*Gold—June 3 277.50 (280.00), July 279.40 (281.90), Aug. 281.60, Oct. 286.30, Dec. 291.00, Feb. 295.60, April 300.20, June 304.80, Aug. 309.40, Oct. 314.00, Dec. 318.70, Feb. 323.40, April 328.10.

*Platinum—June 418.50 (422.00), July 417.60 (420.60), Aug. nil, Oct. 417.80, Jan. 419.60, April 422.00, July 424.50, Oct. 427.00, Jan. 420.50.

Potatoes (round whites)—Nov 637 (635), March 727 (732), April nil, May 899.

¶Silver—June 842.0 (840.5), July 846.5 (849.5), July 848.5 (854.0), Aug. 853.8, Sept. 861.1, Dec. 880.3, Jan. 885.9, March 897.5, May 909.1, July 920.7, Sept. 932.3, Dec. 950.4, Jan. 956.2, March 967.8. Handy and Harman spot 837.00 (858.00).

Thursday's closing prices

NEW YORK, June 6.

Cotton—No. 2: July 63.86-64.00 (63.92), Oct. 64.90-65.00 (64.82), Dec. 63.35-63.60, March 64.40, May 65.30, July 66.20 bid-66.50 asked, Oct. 66.20 bid-66.70 asked.

Orange Juice—July 98.80 (97.80), Sept. 99.50 (98.80), Nov. 98.90, Jan. 98.40, March 99.30, May 99.95, July 100.55, Sept. 101.20, Nov. 101.45.

Sugar—No. 11: July 8.27 (8.35), Sept. 8.66 (8.72), Oct. 8.66 (8.73), Jan. 9.23, March 9.55, May 9.79, July 10.02, Sept. 10.19, Oct. 10.28.

*Gold—June 280.00 (278.40), July 281.90 (281.50), Aug. 284.30, Oct. 289.10, Dec. 293.90, Feb. 298.60, April 303.30, June 308.00, Aug. 312.70, Oct. 317.40, Dec. 322.10, Feb. 326.60, April 331.50.

CHICAGO, June 6.

‡‡Maize—July 270¼-269½ (268), Sept. 274½-274¼ (271¼), Dec. 278½-277½, March 286½-286¼, May 291½-292, July 294½.

‡Wheat—July 353½-356 (373¼), Sept. 360½-320 (378¼), Dec. 401-402½, March 409, May 409, July 403.

Silver—June 857.5-858.0 (866.5), July 858.0 (869.0), Aug. 864.5-863.0, Oct. 876.0-875.0, Dec. 887.0-887.0, Feb. 898.0, April 910.0, June 924.0, Aug. 935.0, Oct. 947.0, Dec. 959.0, Feb. 971.0, April 983.0, June 995.0, Aug. 100.70, Oct 101.90, Dec. 103.15, Feb. 104.40, April 105.65.

EUROPEAN MARKETS

ROTTERDAM, June 7.

U.S. No. Two Dark Hard Winter Wheat 13.5 per cent. July $179. U.S. Hard Winter Wheat Ordinary unquoted. U.S. No. Two Red Winter wheat June $173, July $170, Aug. $171, Sept. $173, Oct. $176. U.S. No. Two Northern Spring wheat 14 per cent. June $172, July $174, Aug. $173, Sept. $174.60, Oct. $179, Nov. $182.

Maize: U.S. No. Three Corn Yellow AFL $135: June $133, July-Sept. $136, Oct-Dec. $137.50, Jan.-March $143.50.

Sorghum: U.S./Plate—AFL $119: June $123.50, July $125, Aug. $127.

Barley: 1/2 Canadian feed unquoted.

PARIS, June 7.

Cocoa (FFr per 100 kilos): July 1545-1565 bid, Sept. 1583-1585 bid, Dec. 1614-1620 bid, March 1620-1630 bid, May 1625-1635 bid, July 1635-1635 bid. Sales at call, one.

Sugar (FFr per 100 kilos): July 960-970 bid, Aug. 978-982 bid, Oct. 1015-1020 bid, Nov. 1015-1022 bid, Dec. 1035-1045 bid, March 1070-1080 bid, May 1080-1095 bid, July 1035-1115 bid. Sales at call, 10.

INDICES

FINANCIAL TIMES

June 6	June 5	M'nth ago	Year ago
291.14	290.14	277.27	251.77

(Base: July 1, 1952=100)

MOODY'S

June 6	June 5	M'nth ago	Year ago
1072.6	1071.3	1064.6	925.8

(December 31, 1931=100)

DOW JONES

Dow Jones	June 6	June 5	Month ago	Year ago
Spot	411.93	409.16	392.91	359.10
F'tur's	409.81	405.99	396.54	355.34

(Average 1924-25-26=100)

REUTERS

June 7	June 6	M'nth ago	Year ago
1611.4	1583.3	1567.9	1522.8

(Base: September 18, 1931=100)

Soviets may buy more U.S. soya

WASHINGTON — The USSR may need to import an additional 300,000 tonnes of soyabeans in 1978-79, and it could absorb 500,000 tonnes for its crushing industry U.S. Agriculture Department analysts said.

They said the Soviet crushing industry may need at least 300,000 tonnes more imported soyabeans because of the reduced size of the 1978 USSR sunflower crop.

Diverse trends appear with equities unable to extend advance but Gilts improving on revived Budget hopes

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 21	May 31	June 1	June 12
June 4	June 14	June 15	June 26
June 18	June 28	June 29	July 10

* "New time" dealings may take place from 9.30 am two business days earlier.

The equity market yesterday directed its attention to sterling in the absence of any further institutional inquiries for selected shares and little else with which to occupy itself apart from the sombre picture of British industry presented by the National Economic Development Council. The exchange rate was reacting on concern about today's trade returns for the February/April period, so leading industrials began to drift easier after having promised initially to extend Wednesday's upturn.

On the other hand, Gilt-edged securities experienced a return of budget optimism. The shorts were especially good following aggressive bear-closing, part of which stemmed from discount house sources, and in the space of a few minutes were showing gains to ½. Eventually, the rises were clipped but just prior to the official close quotations reverted to the day's best and maintained the levels in after-hours' trade. Improvements among remaining stocks ranged to ¼ despite pessimism about the trade figures and a volume of business below the previous day's level.

Enthusiasm for situation stocks tended to wane with the exception of the Foods sector, but trading announcements aroused interest in selected issues such as **British Petroleum** which extended an early gain following first-quarter profits at the top end of market expectations: BP rose to 1,246p before settling a net 16 up at 1,240p. Other Oils were lower and benefited little from the BP news. The FT 30-share index measured the overall trend with a rise of 0.7 at 10 am and a closing fall of 2.9 at 514.0.

Higher rates for investment currency were motivated by the easier tendency in sterling coupled with fresh demand from institutional and other sources for the purchase of both U.S. securities and South African Gold shares. The premium settled at the day's highest showing a further rise of two points at 56 per cent. Yesterday's SE conversion factor was 0.8065 (0.8138).

Interest in the Traded Option market centred mainly around **BP** both before and after the first-quarter figures and the group finally accounted for 133 of the 507 contracts completed.

Hambros wanted

The disappointing interim results reported by its subsidiary Barclays International unsettled **Barclays** which fell away steadily to close 12 down on balance at 463p. Other major clearers eased in sympathy, **Lloyds** ending 7 off at 330p, **Midland** 5 down at 412p and **NatWest** a couple of pence off at 355p. Elsewhere, buyers came for **Hambros** ahead of the preliminary results due later this month and the close was 17 higher at 300p.

Consideration of the chairman's cheerless statement prompted a fall of 6 to 248p in **GRE** and induced dullness in other Composite Insurances. **Sun Alliance**, 580p, and **General Accident**, 228p, lost 8 apiece, while **Royals** gave up 7 to 383p and **Phoenix** 6 to 248p.

Breweries passed another uninteresting session. Among the occasional movements, **Buckley's** eased 3 to 53p on the lower annual profits. Elsewhere, renewed buying interest was shown in **Highland Distillers**, 4 up at 100p, after 103p, but bid speculation faded in **Amalgamated Distilled**, down 2 at 44p.

In Buildings, recent high-flyer **Brown and Jackson** encountered profit-taking and shed 18 to 250p, but renewed speculative demand lifted **Blockleys** 8 to 75p and prompted a gain of 5 to 74p in **Mallinson-Denny**. Still reflecting the chairman's optimistic annual statement, **M.D.W.** added 3 more to 48p and, ahead of annual results due on June 20, **Burnett and Hallamshire** improved 5 further to 377p. **F.P.A. Construction** firmed 2 to 17p on investment demand while **Marshalls (Halifax)** added 4 to 162p. **Tunnel B**, however, at 306p, relinquished most of the previous day's speculative gain of 6.

ICI drifted lower from the outset and settled 4 cheaper at 380p, but **Hickson and Welch** firmed 6 to 233p in response to the interim results. **British Benzol Carbonising**, annual results next Tuesday, hardened a penny more to 48½p.

Jewellers better

Stores were featured by strength in Jewellery concerns as buyers appeared ahead of next Tuesday's budget. **H. Samuel A** put on 9 to 250p and **Ernest Jones** added 8 to 238p, while **Ratners** closed 3 to the good at 91p. Reflecting speculative support, most of which was given late the previous evening, **Wearwell** jumped 6 to a 1979 peak of 39p, while **Lee Cooper** rose 5 more to 300p on continued buying in a thin market. Among the leaders, **F. W. Woolworth** claimed most of the attention and improved 1½ to 81½p in a lively trade on talk of an imminent development.

Helped by bid talk, **Plessey** moved against the trend in the Electrical leaders and closed 5 higher at 105p; the annual results are due on June 28. On the other hand, **GEC** drifted off to close 8 cheaper at 393p. Elsewhere, **Farnell** firmed 8 to 568p and **Ferranti** a similar amount to 430p, while **Muirhead**, up 3 to 245p, became a steadier market after the recent setback on the interim results. In contrast, **Racal** reacted 10 to 477p and **Sound Diffusion**, a good market of late, shed 3 to 127p.

Favourable Press mention stimulated buying interest in **John Brown** which closed 6 firmer at 583p, but a slightly easier trend developed in other Engineering leaders, losses of a few pence being marked against **GKN**, 282p, **Hawker**, 218p, and **Tubes** 402p. Elsewhere, **WGI** were a good feature at 126p, up 8, in response to the preliminary figures, but **600 Group** eased 1½ to 92½p following the annual results. **Matthew Hall** encountered fresh sporadic demand and put on 4 further to 280p, while **Vosper** improved a similar amount to 242p. Buyers again showed interest in **Richardson Westgarth** which improved 2 more to 33p, while **M. Mole** were also noteworthy in smaller-priced issues with a gain of 2½ to 28p. On the other hand, adverse Press mention prompted dullness in **AI Industrial Products**, down 5 at 46p.

Speculative demand was responsible for most notable gains in Foods. Continued interest in a thin market lifted **Bernard Matthews** 13 for a three-day gain of 49 to 283p, while **Avana** put on 7 to 107p for a like reason. Profits well above market estimates prompted a good demand for **Bishop's Stores**, which rose 45 to 210p with the A adding 20 to 136p. Elsewhere, **AB Foods**, annual results on Monday, firmed 6 to 80p.

Anticipating the annual results, **Brent Walker** shed 3 to 87p for a fall so far on the week of 13, but interest was shown in **Queen's Moat Houses** which improved 2 to 41½p. **Grand Metropolitan**, still overshadowed by the recent rights issue, eased 2 to 144p.

Bestobell jump

Bestobell stood out in miscellaneous Industrials, rising initially to around 180p following a sudden burst of speculative activity before and then advancing further on news of the bid approach from BTR to close 38 better on balance at 208p, after 215p: **BTR** hardened 2 to 338p. Speculative support on bid hopes was again forthcoming for **Provincial Laundries** which gained 5½ more to 43½p, while the 12 per cent Convertible, 1986-1988, added 80 to 400p. **Vinten** continued firmly at 168p, up 12, and **Thomas French** improved 3 to 98p, the latter on buying in front of today's interim results.

Still reflecting the decision to close two of the company's loss-making metal fabricating plants, **National Carbonising** improved 2 more to 60p. **Dobson Park Industries**, on the other hand, lost 4 to 116p in reaction to the disappointing first-half profits which fell well short of expectations, while **Burco Dean** relinquished 6 to 76p after comment on the interim figures. News of a substantial share sale by chairman Mr. James Gulliver left **Alpine** a penny lower at 122p.

Good markets on Wednesday on hopes of a profitable Epsom Derby, profit-taking left **Ladbroke** 4 cheaper at 208p and **Coral** 3 off at 118p. Among other Leisure issues, buyers again showed interest in **Hawley** which added 3½ for a two-day gain of 6½ to 36½p, after 37p, but scattered selling left **Management Agency and Music** 6 easier at 179p and clipped 5 from **Saga** at 161p.

An easier tendency was apparent among Garage concerns where **Lex** shed 3 to 99p and **Dutton-Forshaw** cheapened 1½ to 45½p. **Cowie** hardened ½ to 51p following the higher interim profits.

Further demand was forthcoming for **International Thomson** issues, the Ordinary and Convertible adding 5 apiece to 385p and 338p respectively. In Paper/Printings, **Culter Guard Bridge** firmed 2 to 31p following the improved annual results.

Buyers continued to show interest in selected Property issues. Speculative counters **Imry** and **Bernard Sunley** added 10 apiece to 710p and 380p respectively. **Mountview Estates** firmed 2 to 142p in belated response to the annual results but **Chesterfield**, at 480p, relinquished all of Wednesday's gain of 10. The leaders tended easier on a lack of support and occasional selling with **Land Securities** 3 easier at 298p and **MEPC** a penny off at 169p.

BP up again

First-quarter figures at the higher end of expectations prompted renewed firmness in **British Petroleum**; already a good market at 1236p in front of the figures. **BP** touched 1246p on them before settling at 1240p for a rise of 16 on the day. Other Oil shares failed to benefit from the BP statement, with **Shell** drifting off to close 4 cheaper at 390p. Among secondary issues, **Siebens (UK)** reacted 12 to 236p and **Burmah** closed 2 cheaper at 130p, after 136p. **Oil Exploration**, however, found support at 270p, up 8.

Among Overseas Traders, satisfactory results left **Harrisons and Crosfield** 37 higher at 762p.

Shippings were featured by a jump of 21 to 305p in **Furness Withy** awaiting further developments in the Eurocanadian/KCA attempt to oust the Furness Board. Elsewhere, **British and Commonwealth** were supported at 378p, up 7, while **Ocean Transport** improved 1½ more to 106p and **Lofs** were similarly better at 50½p. **P and O Deferred**, however, eased 2 to 102p.

Among the handful of changes in Textiles, **Highams** hardened a penny to 68p on the annual results. Occasional support lifted **David Dixon** 4 to 152p and **Youghal** 2 to 30p, but **Small and Tidmas** came on offer at 88p, down 4. In common with the majority of leaders, **Courtaulds** gave up a few pence to 102p.

A London Trade House's prediction that natural rubber prices may rise by up to 50 per cent in the second half of the year combined with the highly satisfactory preliminary results reported by **Guthrie** helped the Plantation market experience its busiest and firmest session for some while. Guthrie touched a 1979 peak of 617p on the results before closing 17 better on balance at 615p. **Kong Kong (Selangor)** jumped 25 to 460p, **Killinghall** rose 20 to 330p and **Kinta Kellas** advanced 11 to 163p, while **Castlefield** appreciated 10 to 360p and improvements of between 7 and 9 were seen in **HME**, 154p, **Anglo-Indonesian**, 133p and **Muar River**, 84p. **Dorankande** put on 12 to 130p following the good results. In Teas, **Warren**, after easing to 140p on annual profits setback, picked up late to finish unaltered at 143p.

Profit-taking in Golds

Gold shares went into reverse yesterday after the strong gains of the previous two days. Light profit taking was prompted by a downturn in the bullion price after the International Monetary Fund gold auction coupled with a weaker Financial Rand.

The Gold Mines index gave up 2.9 to 205.5 while the ex-premium relinquished 3.8 to 165.7—the heavier fall in the latter reflecting the firmness of the investment currency premium which cushioned losses in sterling terms.

Among the heavyweights losses ranged to ¾ in **Randfontein**, £32¼ and **West Driefontein**, £28¾, while **Free State Geduld** were ¾ cheaper at £15¾. **Stilfontein** eased 20 to 428p following the dividend announcement.

Medium and lower priced issues showed falls of around 40 common to **President Steyn**, 900p and **St. Helena**, 993p, while the marginal **Durban Deep** fell 38 to 592p. Persistent London-buying, however, lifted **East Rand Proprietary** a further 11 to a 1979 high of 524p.

South African Financials weakened in line with Golds. **Anglo American Corporation** fluctuated between 440p and 450p prior to closing 3 cheaper on balance at 447p in front of the results. **Union Corporation** and **UC Investments** were both around 8 easier at 460p and 358p respectively.

In a dull Australian section the Rundle oil shale partners made good progress following renewed overnight Australian and American buying which left **Central Pacific** 60 firmer at a high of 730p and **Southern Pacific** 15 better at 280p after a high of 285p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1100	164	6	194	3	248	—	1239p
BP	1150	130	19	160	--	—	—	"
BP	1200	92	10	136	7	186	—	"
BP	1300	30	84	82	49	130	5	"
Com. Union	160	7	—	10	1	13	5	162p
Com. Union	180	2	1	5	—	8	—	"
Cons. Gold	240	25	10	35	—	44	—	261p
Cons. Gold	260	15	2	20	—	30	—	"
Cons. Gold	280	5	5	13	—	22	35	"
Courtaulds	100	6	23	8	—	11	—	103p
Courtaulds	110	4	3	5	—	7	10	"
Courtaulds	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
GEC	420	11	12	26	—	44	—	394p
GEC	460	3½	11	15	—	33	—	"
Grand Met.	140	13	—	16	55	27	—	148p
Grand Met.	160	6	—	13	5	18	—	"
Grand Met.	180	1½	—	5	—	11	—	"
ICI	360	21	—	40	25	47	—	379p
ICI	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	"
Marks & Sp.	90	29	—	31	—	—	—	117p
Marks & Sp.	100	19	—	21	—	—	—	"
Marks & Sp.	110	13	—	19	1	26	—	"
Marks & Sp.	120	4½	1	11	16	18	—	"
Shell	326	77	—	82	—	—	—	391p
Shell	350	52	5	60	—	66	—	"
Shell	375	31	1	46	—	57	—	"
Shell	400	20	25	32	10	45	—	"
Totals			169		210		88	
		August		November		February		
Boots	230	4½	—	10	25	18	—	202p
EMI	110	13	5	17	--	25	—	106p
EMI	140	4	—	7	1	—	—	"
Imperial Gp	100	4½	4	7	--	10	—	94p
RTZ	330	18	—	35	4	45	—	317p
Totals			9		30		—	

FINANCIAL TIMES STOCK INDICES

	June 7	June 6	June 5	June 4	June 1	May 31	A year ago
Government Secs.	73.16	72.91	72.60	72.93	72.91	72.91	69.88
Fixed Interest	75.13	75.07	75.01	75.20	75.20	75.16	71.19
Industrial	514.0	516.9	509.3	510.9	513.5	513.6	469.3
Gold Mines	205.5	208.4	203.2	194.3	195.3	196.3	161.0
Gold Mines (Ex-$ pm)	165.7	169.5	167.4	160.5	161.4	162.9	108.2
Ord. Div. Yield	5.73	5.71	5.77	5.78	5.78	5.79	5.84
Earnings, Yld. % (full)	15.08	15.04	15.24	15.26	15.27	15.30	16.38
P/E Ratio (net) (*)	8.49	8.51	8.40	8.39	8.39	8.37	8.16
Total bargains	16,756	16,911	15,864	16,077	—	—	—
Equity turnover £m.	—	80.67	71.62	88.38	91.20	83.56	78.84
Equity bargains total	—	15,421	11,708	15,258	14,398	17,894	17,861

10 am 517.6. 11 am 516.6. Noon 515.7. 1 pm 515.3. 2 pm 515.8. 3 pm 515.2.
Latest Index 01-246 8026.
*Nil = 8.17.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (6/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	169.5 (6/6)	95.2 (2/1)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	June 7	June 6
—Daily		
Gilt Edged	99.3	104.9
Industrials	147.0	147.4
Speculative	42.2	51.1
Totals	97.5	95.1
5-d'y Av'r'ge		
Gilt Edged	97.4	94.8
Industrials	147.0	149.7
Speculative	36.6	39.7
Totals	92.9	92.7

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (84)

BRITISH FUNDS (2)
Treasury 3½pc '77-80 Funding 5½pc '78-80
AMERICANS (5)
Baker Intl. Corp. Tesoro Pet.
Floor Corp. Zapata Corp.
I. U. Intl.
CANADIANS (1)
Imperial Oil
BUILDINGS (3)
Burnett & Hallamshire Mallinson-Denny
F.P.A. Construction
CHEMICALS (4)
British Benzol Halstead (J.)
Coalite Group Norsk Hydro
STORES (5)
Samuel (H.) "A" Wearwell
Stanley (A. G.)
ELECTRICALS (5)
Farnell Elect. Telephone Rentals
Ferranti Utd. Scientific
Forward Technology
ENGINEERING (2)
Folkes (J.) Hefo N/V Vosper
FOODS (5)
Assoc. Brit. Foods Matthews (B.)
Bishops Stores Nurdin & Peacock
Bishop's Stores "A"
INDUSTRIALS (12)
BTR Jacksons Bourne End
Berwick Timpo Nat. Carbonising
Bestobell Provincial Laundries
Bridon Do. 12pcCv. '86-88
Cawoods Rugby Portland
IAS Cargo Sec Pt. Scottish TV "A"
Hawley Leisure Saga
PROPERTY (2)
Avenue Close Marler Ests.
SHIPPING (4)
Fisher (J.) Lyle Shipping
Lon. & O'seas Frtrs. Runciman (W.)
SHOES (1)
K Shoes
SOUTH AFRICANS (1)
Hulett's Corp.
TEXTILES (1)
Atkins Bros.
TRUSTS (4)
M. & G. Dual Inc. Lt. Lands
Throgmorton Cap. Moolaya
OILS (7)
BP LASMO "Ops"
CCP North Sea Oil Explo.
Clyde Petroleum Ranger Oil
Gas & Oil Acreage
OVERSEAS TRADERS (1)
Harrisons Crosfield
RUBBERS (6)
Anglo-Indonesian Muar River
Guthrie Corp. Plantation Hldgs.
Harrisons Malay. Ests. Rightwise
MINES (13)
East Rand Prop. Unisel
[illegible]

NEW LOWS (12)

AMERICANS (1)
Xerox Corp.
ENGINEERING (3)
[illegible]
INDUSTRIALS (1)
L. K. Indl. Invs.
LEISURE (1)
Sapa Holidays
TEXTILES (1)
Beales (J.)
TRUSTS (2)
Crescent Japan
MINES (1)
Zambia Copper

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	16	8	14
Plantation	18	—	76
Mines	34	58	83
Others	83	22	32
Totals	686	374	1,449

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 30	Jun. 11	Aug. 23	Sep. 4
Jun. 12	Jun. 25	Sep. 6	Sep. 18
Jun. 26	July 9	Sep. 20	Oct. 2

For rate indications see end of Share Information Service

Money was given for the call of Plessey, MFI Furniture, Barker and Dobson, LOFS, Walter Runciman, EMI, Marler Estates, LRC International, Youghal Carpets, Sears, Siebens (UK), A. Howden and Consolidated Gold Fields. Puts were arranged in Burmah Oil and Ladbroke, while double options were transacted in Levex, Barker and Dobson, Burmah Oil and Norwest Holst.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	12	1,240	+16	1,246	882
GEC	25p	10	393	− 8	456	311
ICI	£1	9	380	− 4	415	346
Shell Transport	25p	9	390	− 4	402	278
P & O Defd.	£1	8	102	− 2	104	71
Barclays Bank	£1	7	463	−12	514	380
Barker & Dobson	10p	7	21	− ½	21½	13
EMI	50p	7	105	− 1	144	100
Hudson's Bay	—	7	14	+ ½	17¾	11¼
Tricentrol	25p	7	238	− 4	244	148
Avana Group	5p	6	107	+ 7	107	77
Commercial Union	25p	6	150	− 4	185	140
Guthrie	£1	6	615	+17	617	320
Midland Bank	£1	6	412	− 5	455	348
Scot. & Newcastle	20p	6	74	− 1	77	55

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
60	F.P.	11/7	91	78	C. & G. Retail 5p	82		[illegible]	[illegible]	[illegible]	[illegible]
116	F.P.	—	207	157	Mkaker (John)	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
75	F.P.	—	57½	40	Bank Bridge 10p	40		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	[illegible]	[illegible]	Do. Capital 2½p	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
100	F.P.	11/5	21½	18	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	18	
100	F.P.	—	11	10	Marsh'll's Univ'rs'l 7% Cnv-Cum-Red. Prf.	100	
100	F.P.	22/6	101	101	Portsmouth Water 8% Red. Prf. 1984	101	
100	F.P.	11/5	116	103	Slough Ests. 8% Cnv. 1991-94	112	
98	£25	25/8	26	24½	York Water 12% Deb 1986	26	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
26½	F.P.	14/6	8/6	35½	Davis & Metcalfe 'A'	32	
25	Nil	—	—	18pm	Edwards (Louis C.)	21pm	+1
12	F.P.	—	—	19	Hampton Trust	19	
154	Nil	22/6	27/7	17pm	MEPC	18pm	−2
34	F.P.	24/4	12/6	59	Norfolk Cap. Hotels	56	
85	Nil	—	—	16pm	P.M.A. Holdings	16pm	
210	Nil	—	—	60pm	Peterson Tennant	40pm	−5
20	Nil	—	—	3pm	Provincial Laundries	15pm	+5
118	F.P.	1/6	29/6	126	Pullman (R. & J.)	116	−5
60	Nil	—	—	26pm	Scotcros	26pm	
115	Nil	11/6	27/7	21pm	Scot. Met. Prop.	17pm	−1
265	Nil	15/6	27/7	30pm	Simon Engineering	19pm	−1
20	Nil	18/6	27/7	2pm	Single Holdings	2pm	
180	Nil	22/6	3/8	38pm	Smurfit (Jefferson)	38pm	
455	F.P.	4/6	6/7	507	Standard Chartered Bank	497	+4
138	F.P.	18/6	9/7	7pm	Tilling (Thomas)	3pm	−1
175	F.P.	23/5	4/7	249	Tricentrol	242	−1
88	F.P.	7/6	13/7	105	United Indemnity	103	
20	Nil	19/6	13/7	6pm	Weeks Associates	5pm	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. † Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., June 7, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed. June 6 Index No.	Tues. June 5 Index No.	Mon. June 4 Index No.	Fri. June 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	267.22	−0.3	15.93	5.25	8.22	268.09	265.51	264.01	264.61	213.40
2	Building Materials (27)	251.61	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	403.94	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (14)	635.32	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (12)	394.48	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (75)	200.73	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	181.59	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (52)	247.11	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	334.86	−1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	173.95	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (24)	128.05	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	248.58	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	284.69	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	310.29	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	322.85	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	236.67	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	304.94	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	453.36	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	144.21	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (41)	253.27	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (23)	179.15	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	248.15	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	78.86	+1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	217.93	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (18)	308.04	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	233.67	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	136.27	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	498.47	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (58)	258.39	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	253.29	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	696.75	+0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	284.11	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (115)	199.89	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	240.59	−1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	249.09	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	194.79	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	164.10	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (8)	133.46	−2.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	292.51	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	102.85	−1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (42)	354.04	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	126.53	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	224.34	+0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	134.34	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	375.05	+2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	264.34	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs., June 7	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.82	+0.25	—	3.90
2	5-15 years	118.69	+0.31	0.66	4.67
3	Over 15 years	125.15	+0.27	0.05	5.35
4	Irredeemables	132.52	+0.41	—	6.30
5	All stocks	116.10	+0.27	0.16	4.63

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Thurs., June 7	Wed., June 6	Year ago (approx.)
1	Low Coupons	5 years	9.75	[illegible]	[illegible]
2		15 years	10.74	[illegible]	[illegible]
3		25 years	11.22	[illegible]	[illegible]
4	Medium Coupons	5 years	11.43	[illegible]	[illegible]
5		15 years	11.97	[illegible]	[illegible]
6		25 years	12.07	[illegible]	[illegible]
7	High Coupons	5 years	11.74	[illegible]	[illegible]
8		15 years	12.34	[illegible]	[illegible]
9		25 years	12.28	[illegible]	[illegible]
10	Irredeemables		11.05	[illegible]	[illegible]

		Thurs., June 7 Index No.	Thurs., June 7 Yield %	Wed. June 6	Tues. June 5	Mon. June 4	Fri. June 1	Thurs. May 31	Wed. May 30	Tues. May 29	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	59.66	12.45	60.19	60.26	60.32	60.30	60.51	60.31	60.77	58.2
16	Investment Trust Prefs. (15)	51.82	13.53	52.37	52.41	51.41	52.21	52.57	52.57	52.55	53.8
17	Coml. and Indl. Prefs. (20)	73.43	12.79	73.80	72.90	73.96	74.03	74.89	74.28	76.08	71.5

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Friends' Provdt. Unit Tr. Mgrs.
Funds in Court
G.T. Unit Managers Ltd.
G. & A. Trust (a) (g)
Gartmore Fund Managers (a)(g)
Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
Govett (John)
Grieveson Management Co. Ltd.
Guardian Royal Ex. Unit Mgrs. Ltd.
Henderson Administration (a)(c)(g)
Hill Samuel Unit Tst. Mgrs.
Investment Intelligence Ltd.
Key Fund Managers Ltd. (a)(g)
Kleinwort Benson Unit Managers
L & C Unit Trust Management Ltd.
Legal & General Tyndall Fund
Leonine Administration Ltd.
Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Lloyd's Life Unit Tst. Mngrs. Ltd.
Local Authorities' Mutual Invest. Tst.
M & G Group (y)(c)(z)
Manulife Management Ltd.
Mayflower Management Co. Ltd.
Mercury Fund Managers Ltd.
Midland Bank Group Unit Trust Managers Ltd.
Minster Fund Managers Ltd.
MLA Unit Trust Mngmnt. Ltd.
Murray Johnstone U.T. Mgmt. (a)
Mutual Unit Trust Managers (a)(g)
National and Commercial
National Provident Inv. Mngrs. Ltd.
National Westminster (a)
NEL Trust Managers Ltd. (a)(g)
Norwich Union Insurance Group (b)
Pearl Trust Managers Ltd. (a)(g)(z)
Pelican Units Admin. Ltd. (g)(x)
Perpetual Unit Trust Mngmt. (a)
Practical Invest. Co. Ltd. (y)(c)
Provincial Life Inv. Co. Ltd.
Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)
Quilter Management Co. Ltd.
Reliance Unit Mgrs. Ltd.
Ridgefield Management Ltd.
Rothschild Asset Management (g)
Royal Tst. Can. Fd. Mgrs. Ltd.
Save & Prosper Group
Scotbits Securities Ltd.
Schlesinger Trust Mngrs. Ltd. (a) (z)
J. Henry Schroder Wagg & Co. Ltd.
Scottish Equitable Fnd. Mgrs. Ltd.
Sebag Unit Tst. Managers Ltd. (a)
Security Selection Ltd.
Stewart Unit Tst. Managers Ltd. (a)
Sun Alliance Fund Mngt. Ltd.
Target Tst. Mngrs. Ltd. (a) (g)
Target Tst. Mgrs. (Scotland) (a) (b)
Tower Unit Trust Mngt. Ltd.
Trades Union Unit Tst. Managers
Transatlantic and Gen. Secs. Co.
Tyndall Managers Ltd.
TSB Unit Trusts (y)
Ulster Bank (a)
Unit Trust Account & Mgmt. Ltd.
Wieler Growth Fund

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
Albany Life Assurance Co. Ltd.
AMEV Life Assurance Ltd.
Barclays Life Assur. Co. Ltd.
Beehive Life Assur. Co. Ltd.
Canada Life Assurance Co.
Cannon Assurance Ltd.
Capital Life Assurance
Charterhouse Magna Gp.
Chieftain Assurance Funds
City of Westminster Assur. Co. Ltd.
City of Westminster Assur. Soc. Ltd.
Commercial Union Group
Confederation Life Insurance Co.
Cornhill Insurance Co. Ltd.
Credit & Commerce Insurance
Crown Life Assurance Co. Ltd.
Crusader Insurance Co. Ltd.
Eagle Star Insur./Midland Assur.
Equity & Law Life Ass. Soc. Ltd.
Gartmore Bonds
General Portfolio Life Ins. C. Ltd.
Gresham Life Ass. Soc. Ltd.
Growth & Sec. Life Ass. Soc. Ltd.
Guardian Royal Exchange
Hambro Life Assurance Limited
Hearts of Oak Benefit Society
Hill Samuel Life Assur. Ltd.
Imperial Life Ass. Co. of Canada
Irish Life Assurance Co. Ltd.
King & Shaxson Ltd.
Langham Life Assur. Co. Ltd.
Legal & General (Unit Assur.) Ltd.
Legal & General Prop. Fd. Mgrs. Ltd.
Life Assur. Co. of Pennsylvania
Lloyds Life Assurance
Lloyds Life Assurance—contd.
London Indemnity & Gnl. Ins. Co. Ltd.
London Life Linked Assur. Ltd.
The London & Manchester Ass. Gp.
M & G Group
Merchant Investors Assurance
NEL Pensions Ltd.
NPI Pensions Management Ltd.
New Zealand Ins. Co. (UK) Ltd.
Norwich Union Insurance Group
Pearl Assurance (Unit Funds) Ltd.
Phoenix Assurance Co. Ltd.
Prop. Equity & Life Ass. Co.
Property Growth Assur. Co. Ltd.
Providence Capital Life Ass. Co. Ltd.
Provincial Life Assurance Co. Ltd.
Prudential Pensions Limited
Reliance Mutual
Rothschild Asset Management
Royal Insurance Group
Save & Prosper Group
Schroder Life Group
Scottish Widows' Group
Solar Life Assurance Limited
Sun Alliance Fund Mangmt. Ltd.
Sun Alliance Linked Life Ins. Ltd.
Sun Life of Canada (UK) Ltd.
Target Life Assurance Co. Ltd.
Transinternational Life Ins. Co. Ltd.
Trident Life Assurance Co. Ltd.
Tyndall Assurance/Pensions
Vanbrugh Life Assurance
Vanbrugh Pensions Limited
Welfare Insurance Co. Ltd.
Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
Allen Harvey & Ross Inv. Mgt. (C.I.)
Arbuthnot Securities (C.I.) Limited
Australian Selection Fund NV
Bank of America International S.A.
Banque Bruxelles Lambert
Barbican Managers (Jersey) Ltd.
Barclays Unicorn International
Bishopsgate Commodity Ser. Ltd.
Bishopsgate Progressive—Ldn. Agents
Bridge Management Ltd.
Britannia Tst. Mngmt. (C.I.) Ltd.
Brown Shipley Tst. Co. (Jersey) Ltd.
Butterfield Management Co. Ltd.
Capital International S.A.
Charterhouse Japhet
Clive Investments (Jersey) Ltd.
Cornhill Ins. (Guernsey) Ltd.
DWS Deutsche Ges. F. Wertpapiersp
Delta Group
Deutscher Investment-Trust
Dreyfus Intercontinental Inv. Fd.
Emson & Dudley Tst. Mgt. Jrsy. Ltd.
The English Association
Eurobond Holdings N.V.
F. & C. Mgmt. Ltd. Inv. Advisers
Fidelity Mgmt. & Res. (Bda.) Ltd.
Fidelity Mgmt. Research (Jersey) Ltd.
First Viking Commodity Trusts
Fleming Japan Fund S.A.
Free World Fund Ltd.
G.T. Management Ltd.
Gartmore Invest. Ltd. Ldn. Agts.
Hambro Pacific Fund Mgmt. Ltd.
Hambros Fd. Mgrs. (C.I.) Ltd.
Henderson Baring Group
Hill-Samuel & Co. (Guernsey) Ltd.
Hill Samuel Invest. Mgmt. Intnl.
International Pacific Inv. Mgmt. Ltd.
J.E.T. Managers (Jersey) Ltd.
Jardine Fleming & Co. Ltd.
Kemp-Gee Management Jersey Ltd.
Keyser Ullmann Ltd.
King & Shaxson Mngrs.
Kleinwort Benson Limited
Lloyds Bk. (C.I.) U/T Mgrs.
Lloyds Bank International, Geneva
M & G Group
Samuel Montagu Ldn. Agents
Murray, Johnstone (Inv. Adviser)
Nat. Westminster Jersey Fd. Mgrs. Ltd.
Negit S.A.
Negit Ltd.
Pacific Basin Fund
Phoenix International
Quest Fund Mangmt. (Jersey) Ltd.
Richmond Life Ass. Ltd.
Rothschild Asset Management (C.I.)
Rothschild Asset Mgt. (Bermuda)
Royal Trust (C.I.) Fd. Mgt. Ltd.
Save & Prosper International
Schlesinger International Mngt. Ltd.
Schroder Life Group
J. Henry Schroder Wagg & Co. Ltd.
Sentry Assurance International Ltd.
Singer & Friedlander Ldn. Agents
Standard Chartered Intl. Bd. Fd.
Stronghold Management Limited
Surinvest (Jersey) Ltd.
TSB Unit Trust Managers (C.I.) Ltd.
TSB Gilt Fund Managers (C.I.) Ltd.
Tokyo Pacific Holdings N.V.
Tokyo Pacific Hldgs. (Seaboard) N.V.
Tyndall Group
Union-Investment-Gesellschaft mbH
Utd. Intnl. Mngmnt. (C.I.) Ltd.
United States Tst. Intl. Adv. Co.
S. G. Warburg & Co. Ltd.
Warburg Invest. Mngt. Jrsy. Ltd.
World Wide Growth Management
Wren Commodity Trust

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's opening price. c Distribution free of UK taxes. e Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by φ. ‡ Guernsey gross. φ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

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LOANS

Public Board and Ind.

Financial

103¾	98¾	FFI 13pc 1981	101½	......	12.78	11.76
107	100	Do. 14pc '79	100½	......	14.19	—
108¾	98¾	Do. 14pc '83	105¾	......	13.24	12.30
86½	77½	ICFC 5½pc Deb. '80-82	85	......	6.58	11.40
85	71½	Do. 6¾pcDb. '81-84	78½xd	......	7.96	11.70
99	84½	Do. 10¼pc Uns.Ln. '86	92½xd	......	11.35	12.20
99	84½	Do. 11pc Uns.Ln. '88	93xd	......	11.82	12.20
101½	84	Do. 11¼pc Uns.Ln. '90	95½xd	......	12.30	12.60
72½	57	Do. 7¼pcADeb. '89-92	66¼xd	......	10.90	12.40
69	53½	Do. 7¼pcA Db. '91-94	66	......	11.24	12.50
81½	64½	Do. 9pc 'A' '91-94	78½	−½	11.79	12.50
78½	62½	Do. 8⅞pcLn. '92-97	76	+½	12.19	12.60

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U.S. $ & DM prices exclude inv. $ premium

AMERICANS

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Conversion factor 0.8065 (0.8138)

CANADIANS

S.E. List Premium 24% (based on $2.4370 per £)

BANKS AND HIRE PURCHASE

16	14	Dawes (G. R.)	14	......	—	—	—	—	
£121	£79	Deut. Bank DM50	£79	......	Q18%	—	2.9	—	
90	63	F. C. Finance	73	......	2.2	ϕ	4.5	ϕ	
8¾	5¾	First Nat. 10p	8	......	—	—	—	0.6	
4	2	Do. Wrnts. 75-83	3½	−¼	—	—	—	—	
16¼	13½	Fraser Ans. 10p	15¼	......	—	—	—	—	
252	178	Gerrard Natnl.	234	......	9.12	—	5.8	—	
62	45	Gibbs (A.)	48	......	2.2	—	6.8	—	
270	217	Gillett Bros. £1.	260	......	16.95	—	9.7	—	
29	19	Goode D't Mry. 5p	25½	+½	0.25	—	1.5	—	
153	116	Grindlays	132	......	3.07	7.5	3.5	4.1	
120	98	Guinness Peat	107	−1	H5.67	—	7.9	—	
330	173	Hambros	300	+17	†9.76	—	4.9	—	

BANKS & HP—Continued

Hire Purchase, etc.

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INDUSTRIALS—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
19½	12¾	Hawtin 5p	15	...	0.25	6.7	2.5	6.9
78	57	Hay (Norman) 10p	62	−2	3.7	1.8	8.9	9.4
170	136	Hay's Wharf £1	167xd	...	†5.52	2.7	4.9	10.0
42	27	Henshaw 'A' 10p	41	...	d1.1	6.3	2.6	5.9
134	74½	Hepworth Cmic.	115	...	3.68	3.6	4.8	7.8
76	43	Hestair	47	...	3.5	—	11.1	—
50	25	Hewitt (J.) 5p	42	...	1.28	6.3	4.7	4.4
62	50	Highgate & Job 50p	62	...	‡2.54	2.4	‡	10.4
100	80	Hill (Chas.) £1	86	+1	d2.0	—	3.5	—
*49½	29	Hirst Mal'son 20p	42	...	†2.6	3.6	9.2	4.3
88	78	Holden (A.)	88	...	g3.62	3.9	6.1	7.0
75	63	Hollis Bros	72	...	†4.56	1.8	9.4	8.8
208	151	Holt Lloyd Int. 10p	204xd	...	7.74	φ	5.7	φ
222	155	Hoover 'A'	185	−2	12.0	1.1	9.7	12.8
163	130	Hoskins & H 20p	145	...	10.39	1.4	10.7	9.0
46	23½	Howard Tenens	45	+¼	1.91	1.9	6.4	10.4
238	142	Hunting Assoc.	235	...	2.44	11.4	1.6	6.7
89	48	Huntleigh 10p	75	−1	0.76	6.5	1.5	13.6
74	46	Hutch Whamp $HK1	51½	−1½	Q23c	2.5	4.3	9.4
33	23	Hyman (I. & J.) 5p	28	+½	d0.96	3.6	5.1	8.1
128	95	††IAS Cargo Air	128	...	Pd2.8	2.5	3.3	(14.2)
180	135	Do. 6% Cnv. Pref.	180	+8	6.0%	11.2	5.0	—
£20¾	£14½	I.C. Industries‖	£15⅝	...	Q$1.52	—	4.9	—
*545	420	ICI £1	498xd	+1	†8.29	7.4	2.5	6.0
510	358	Imp. Cont. Gas £1	493	...	g9.96	3.3	3.0	11.6
33	29	Ingall Inds. 10p	30	...	†1.87	1.6	9.3	10.0
146	88½	Initial Services	129	...	g5.06	2.8	5.9	8.7
31	16	Inter-City 20p	23½	...	1.17	4.0	7.6	4.8
167	72	Jacksons Bourne	167	+2	†2.0	4.4	1.9	18.5
55	47	James (John)	55#	...	†d2.76	2.8	7.5	5.4
19	15¼	James (M.) Inds. 20p	18¼	...	d1.02	1.3	8.3	13.5
206	135	Jardine M. $HK5	136	...	Q71c	2.2	5.0	9.0
33½	30	Jentique	32	...	†2.22	1.4	10.4	10.0
15½	9	Johnson & Barnes	11	...	—	—	—	—
152	105	Johnson Clnrs.	144	...	5.06	3.7	5.2	5.8
*255	185	Johnson Mthy. £1	243	...	18.5	3.4	5.4	12.4
47	36	Jourdan (T.) 10p	46	...	3.22	1.1	10.5	(12.0)
71½	35½	Kalamazoo 10p	62½	...	†2.16	1.8	5.2	15.9
182	107	Kelsey Inds.	146xd	...	†3.61	7.5	3.7	5.4
60	43	Kennedy Sm. 10p	45	...	H1.77	3.1	5.9	9.1
£14½	£11½	Kershaw (A.) 5p	£11½	...	23.25	2.0	3.0	(11.8)
78	69	Kleen-E-Ze Hldgs.	69	...	d4.33	2.2	9.4	7.3
133	92	L.C.P. Hlds	125	+1	†4.86	2.4	5.8	8.5
43	35	L.K. Ind'l. Invs.	35	−1	d2.9	1.6	12.4	(6.3)
41½	30	L.R.C. Int. 10p	31	...	2.23	1.6	10.9	7.7
100	57	Lawtex	69	+2	†3.22	5.2	7.0	2.9
184	135	Lead Inds. 50p	184	...	8.23	3.1	6.7	6.1
197	130	Leadenhall Sterling	195	...	5.66	φ	4.3	φ
62	41	Le Bas (Ed.)	62xd	...	1.84	7.5	4.4	3.8
50	37	Leboff Fobel 10p	43	−1	†1.79	3.6	6.2	5.6
43	31	Lebus Harris	36	...	—	—	—	—
282	237	Lep Group 10p	282	+2	M12.5	8.6	6.6	8.3
89	55	Lesney Prods. 5p	59	+3	3.24	φ	8.2	φ
164	122	Letraset 10p	156	...	H6.49	3.0	6.2	9.5
14	8	Liden 10p	8#	...	♦—	—	—	—
120	60	Lindsay & Wms	120#	...	♦†3.05	3.7	3.8	8.9
153	126	Lindustries	146	...	†9.14	2.1	9.3	6.2
48	34¾	Lon. & Nthn. Grp.	43	+1	3.35	2.6	11.6	5.0
18	10	Long Hmbly. 10p	14½	...	†h0.4	6.5	4.1	4.0
89	68	Longton Trans.	85	...	†d3.86	3.1	6.8	5.4
93	64	Lonsdale Univrsl.	84	+1	h4.14	2.6	7.4	6.1
211	160	Low & Bonar 50p	198	...	12.16	2.4	9.2	5.6
63	50	M.Y. Dart. 10p	51	...	§2.43	3.0	7.1	5.9
167	113	M'c'rthy Ph. 20p	163	...	4.40	4.9	4.0	5.5
88	64	Macfarlane Gp.	82	...	†3.43	2.4	6.2	10.1
17	11½	McCleery L'A'	16	−½	0.5	3.5	4.7	(6.9)
27	23	MacLellan (P. & W.)	27	...	1.32	0.7	7.3	30.1
*121	71½	Macpherson (D.)	115	...	H4.0	5.5	5.2	5.2
23½	8	††Maddock	9	...	—	—	—	—
96½	43	Magnolia Group	78xc	...	dh1.16	9.4	2.2	6.2
354	270	Man. Ship Can. £1	312	−3	15.80	1.3	7.6	15.0
68	40½	Marling Ind. 10p	62	...	†d1.04	4.2	2.5	14.1
57½	41	Marshall L'xy. 'A'	48xd	−1	d2.78	4.5	8.6	3.1
172	124	Marshall's Univ	136xr	...	5.95	3.7	6.5	4.7
46	32	Martin-Black	40	...	2.0	1.2	7.5	(15.4)
£100	£88	Mathesons 7¾pc	£89	...	Q7¾%	2.3	†9.0	—
156	124	Maynards	136	...	†5.43	2.7	6.0	9.2
17	13½	Mentmore 5p	16	...	d1.01	1.4	9.4	11.2
358	296	Metal Box £1	334	−4	§18.09	2.9	8.1	4.9
126	95	Metal Closures	120	...	4.7	2.9	5.9	8.8
76	64	Mettoy	69	+2	2.6	5.5	5.6	4.6
£104	£91	M'santo 5pc 82-6	£91	...	Q5%	19.8	f5.6	—
8	5	Monument 10p	6	...	—	—	—	9.2
142	109	Morgan Crucible	137	...	5.89	φ	6.4	φ
55	39	Morrall (Abel)	40xd	...	2.42	1.2	9.0	13.8
43	34	Moss (Robt.) 10p	39	...	†2.07	2.1	7.9	7.3
30	14	Movitex 10p	27½	...	0.34	2.8	1.8	29.8
91	54	Myson Gp. 10p	91	...	2.75	4.0	4.5	6.0
87	72	Nash (J. F.) Secs.	82	...	5.77	2.5	10.5	4.4
74	56	Nathan (B. & I.)	69	...	3.63	4.7	7.9	3.0
60	40	Nat. C'rb'nsg 10p	60	+2	‡1.35	—	f4.2	—
£100½	£83	N.C.R. 4% 93/98	£95½	+½	Q4%	11.9	f4.2	—
86	61	Negretti & Zambra	62	...	3.68	1.5	f4.1	9.7
*216	123	Neil & Sp'ncer 10p	212	...	4.7	4.5	3.3	9.2
35	24	New Equip. 10p ‡	24½	...	0.99	2.1	6.1	12.0
111	80	Norcros	104	...	b4.93	2.9	7.1	6.1
28½	15½	Norvic Secs. 10p	23	...	0.8	1.2	5.2	(21.7)
32	26	Nu-Swift 5p	26	...	1.75	1.5	10.0	9.0
£106	£92	Oce Finance Cv.	£92½	...	Q9%	—	f9.8	—
188	118	Office & Elect.	180	...	4.6	3.8	3.8	10.3
145	102	Ofrex 20p	122	−1	3.6	3.8	4.4	8.9
21½	16	Ovenstone 12½c	17	...	‡Q6c	2.5	‡	1.4
*121	59	P.M.A. (Holdings)	119	+4	b4.02	3.3	5.0	8.8
108	86	Parker Knoll 'A'	103	...	†h2.41	7.4	3.5	6.5
149	114	Pauls & Whites.	144	...	g6.6	2.5	4.6	7.7
36½	24½	Pentland 10p	27	...	0.85	5.6	4.7	4.2
100	53½	Pentos 10p	89	...	†3.39	3.1	5.7	9.0
105	90	Do. Defd. 20p	92	−1	—	—	—	—
61	44	Petrocon 12½p	52	−1	4.51	1.6	13.0	11.5
28	22	Phillips Patents	23	...	6—	—	—	24.8
[illegible]	340	Photo-Me 50p	345	...	†6.03	5.2	2.6	9.2
[illegible]	275	Pilkington Br. £1	350	...	†h5.85	5.7	2.5	10.2
[illegible]	£62	Pitn'y Bowes Ln.	£65	...	Q5½%	5.6	8.7	—
40	33	Plastic Const. 10p	38	...	d2.32	2.0	9.5	8.1
65	51	Polymark 10p	65	...	3.04	φ	7.1	φ
[illegible]	216	Portals	265	...	8.79	2.8	5.0	10.6
[illegible]	161	Powell Duff. 50p	173	...	†10.15	F3.0	8.8	4.3
29	21	Press (Wm.) 5p	24xd	−1	1.04	φ	6.4	φ
[illegible]	169½	Prestige Group	200	...	6.24	3.1	4.7	9.8
51½	34½	Pritchard Svs. 5p	44½	−½	1.67	φ	5.7	φ
45½	15½	Prov. Launds. 5p	43½	+5	0.43	φ	f3.0	φ
[illegible]	113	Do. 12%cnv. '86-88	400	+80	Q12%	φ	f3.8	—
[illegible]	55	R.F.D. Group 10p	58	...	†1.6	6.2	4.1	3.9
[illegible]	10½	RTD Group 20p	13	...	—	—	—	1.9
43	33	Radiant Mtl. 12½p	39	+1	1.93	3.5	7.4	5.9
[illegible]	229	Rank Org.	229	−3	H10.7	3.1	7.0	6.7
[illegible]	445	Reckitt Col. 50p	475	...	11.85	3.5	3.7	(8.5)
[illegible]	233	Redfearn Glass	235xd	...	15.84	1.7	10.1	(7.3)
94	45	Reed Exec. 5p	78xc	...	b3.35	2.9	6.4	7.6
[illegible]	149	Reed Intl. £1	188xd	...	8.0	q4.4	6.4	4.9
[illegible]	82	Relyon PBWS	106	...	4.57	2.3	6.4	10.0
[illegible]	165	Renown Inc. Y50	165	...	Q20%	φ	1.6	φ
54	42	Renwick Group	47	−1	†1.02	4.4	3.2	3.8
85	66	Restmor	88	...	†h1.8	5.6	3.4	8.0
69	63	Rexmore	68	...	†d4.31	1.8	9.5	(7.4)
[illegible]	286	Ricardo	365	+7	§7.0	3.6	2.9	18.6
68	37	Riley (E. J.) 10p	60	...	†2.6	1.9	6.5	12.2
[illegible]	105	Rockware	110	+3	5.9	3.5	8.0	4.0
64	41	Ropner Hldgs.	64	+3	†2.16	3.4	5.0	8.8
63	42½	Do. 'A'	63	+2	†2.16	3.4	5.1	8.6
46	34	Rotaprint 20p	44	+2	2.93	φ	10.4	φ
56	30	Rowan & Boden	51	...	1.47	φ	4.3	φ
210	145	Royal Worcs.	196	+2	7.13	3.5	5.5	7.2
[illegible]	94	Russell (A.) 10p	128	...	†2.27	5.9	2.7	9.6
22	15	Ryan (L.) 5p	20½	+1	—	—	—	6.8
£26¾	£15	St-Gobain Fs.100	£17½	...	Q3.65%	φ	10.4	φ
210	137	Sale Tilney	208	...	5.63	3.7	4.0	9.9
55	30	Sandhurst Mkt. 10p	51	...	1.17	5.3	3.4	5.9
[illegible]	88	Sangers Grp.	112	+1	6.38	φ	8.9	φ
119½	102	Scapa Group	105	...	†5.52	2.8	7.9	5.8
£51⅛	£40¾	Schlumberger $1	£46	+2¾	Q1.10	4.6	1.7	12.0
*85	59	Scotcros	85xr	...	F4.42	φ	8.0	φ
70	42	Scot. Heritable	58	...	1.23	7.7	3.2	4.3
214	118	Scot. & Un. Invs.	214	+1	†h9.5	2.1	6.7	11.0
61	35½	Sears Hldgs.	56	...	1.44	3.2	3.8	12.3
190	122	Securicor Gp.	188	...	2.54	7.1	2.0	9.4
190	120	Do. 'A' N-V	184	...	2.54	7.1	2.1	9.2
188	124	Security Services	188	...	3.55	4.0	2.8	10.3
188	123	Do. 'A' N-V	186	...	3.55	4.0	2.8	10.2
182	110	Sharna Ware 20p	182	...	d2.66	10.1	2.2	6.1
220	194	Siebe Gorman	218	...	†5.67	4.8	3.9	8.3
135	84	Silentnight 10p	118	...	d3.65	4.8	4.6	4.8
53	42	Silhouette 'A' 20p	42	...	3.32	2.0	11.8	(5.0)
29	21	Silv'rthorne 10p	22½	...	1.5	2.8	10.2	5.2
126	100	Simpson (S.) 'A'	124	...	4.26	3.3	5.1	8.7
[illegible]	143	Sketchley	200	−2	5.49	φ	4.2	φ
83	66	Smith & Neph. 10p	79½	−½	2.71	2.7	5.0	9.2
362	198	Smiths Inds. 50p	235	...	†8.09	3.4	5.1	7.0
59	37	Solic. Law 20p	38	...	1.47	2.4	5.8	10.6
34	30	Somic	33	...	†2.34	1.6	10.6	8.8
400	315	Sotheby P.B.	335	+5	9.0	3.4	4.0	10.1
133	95	Sparrow (C. W.) 20p	125	...	2.4	4.2	2.9	9.0
190	160	Spear (J.W.)	163xd	...	2.09	φ	1.9	φ
116	108	Staffs. Potts	113	...	†h3.16	4.5	4.2	6.0
[illegible]	145	Stag Furniture	198	...	6.5	5.0	4.9	5.3
210	161	Steetley	207	+1	7.2	3.7	5.2	6.4
36	25	Stelux Manf. HK$1	25	...	Q54c	1.1	18.2	5.1
36	26½	Sterling Inds. 2½p	32	...	†1.29	2.2	6.0	11.9
107	64	Stocklake	96	...	†2.87	4.2	4.5	6.2
158	120½	Stonehill Hlds.	153	...	8.0	φ	8.0	φ
16½	11½	Sumner (F.) 10p	12½	+½	0.79	1.5	9.5	10.3
43½	32	Sunlight Serv. 10p	41	−1	1.34	3.8	4.9	8.0
48	36	Sutcliffe Speak.	43	...	2.66	4.4	9.2	5.1
£13¼	800	Swedish Match K50	800	...	Q10%	φ	7.7	φ
143	91	Swire Pacific 60c	95	−½	†Q36c	φ	3.6	φ
215	144	Sytone	193	...	†d5.7	4.7	4.4	7.2
15½	10	Talbex 5p	11	...	0.55	3.3	7.5	4.7
12	8½	Tebbitt 10p	10	...	—	—	—	—
154	88	Thermal Synd.	148	−2	6.0	1.1	6.0	(21.8)
19	8	Th. Times Vn. 5p	15	...	†d0.42	3.6	4.1	7.2
28	22	Third Mile Inv.	22½	...	1.00	2.4	6.7	8.7
*176	114	Tilling T. 20p	138	...	N6.0	3.7	6.5	5.7
58	48	Toothill R.W.	58	...	—	—	—	—
93	81	Toye	86xd	...	d1.4	8.1	2.4	5.3
85	71	Trafalgar H. 20p	71½	+½	†h3.84	2.7	8.0	6.0
£23¼	£17½	Trans. Un. US$1	£19½	...	Q$2.12	—	5.5	—
83	64	Transport Dev.	71½	...	3.60	2.8	7.5	9.7
7¼	4¼	Tranwood Gp. 5p	6¾	...	—	—	—	φ
147	123	Triefus	137	...	2.23	4.8	2.4	12.1
176	145	Turner & New. £1	150	...	11.5	1.3	11.4	(9.1)
164	144	UKO Intl.	146	...	†8.93	1.5	9.1	(9.2)
*128	94	Unicorn Indust's.	121	−2	N6.83	2.5	8.4	7.9
104	75	Uniflex 10p	96xd	...	3.07	φ	4.8	φ
[illegible]	520	Unilever	620	−2	13.94	2.8	3.4	8.2
£27⅞	£20⅞	Un'v N.V. Fl.12	£21⅛	+⅛	Q44%	2.6	6.1	2.8
124	90	Utd. Carriers 10p	117	...	2.93	4.7	3.7	7.3
80	61	United Gas Inds.	79	...	†3.68	2.2	7.0	8.6
31	27½	U. Guarantee 5p	30	...	0.2	14.1	1.0	10.5
15	10½	Unochrome 10p	12	...	‡0.23	1.5	‡	171.9
90	52	Valor	87	...	†2.17	4.1	3.7	7.1
29½	23½	Viners 10p	25½	...	1.0	φ	5.9	φ
199	135	Vinten Grp. 20p	168	+12	†hd1.04	9.4	1.0	15.1
53	40	"W" Ribbons 10p	41	...	‡3.35	0.2	‡	—
67	40	Wade Potts. 10p	60	...	†1.12	6.2	2.8	7.3
15½	11½	Walker Hmr. 5p	12½	...	‡d0.9	—	‡	—
61	50	Waterford 5p	52	+1	Q2.4	2.5	4.4	9.1
365	308½	Watsham's	349	+4	H8.1	4.4	3.5	19.7
125	105	Watson R.K. 10p*	125	...	†d2.40	3.5	2.9	15.1
111	91	Wedgwood	95	...	h3.80	3.5	6.0	5.6
91	73	Westn. Board 10p	90	...	†d3.76	2.4	6.2	9.9
51	35½	W'lock. M.H.K.$1	39½	...	HQ17c	2.1	4.1	11.5
138½	112	Whatman R Angel.	112xc	...	h2.26	φ	3.0	φ
146	108	Whitecroft	116	...	§7.48	2.0	9.6	6.6
30	26	Whiteley B.S.&W.	26	...	—	—	—	—
89	52	Wilkes (J.)	79	−1	4.12	2.2	7.8	8.4
54	34	Wilkins Mitchell	48	+3	2.21	0.5	6.9	68.9
195	154	Wilk'sn. M'tch £1	174	...	†10.0	2.1	[illegible]	7.2
£94	£85	Do. 10pc Cnv.	£87	+1	Q10%	15.7	[illegible]	—
57	40	Williams (J.)	40xd	...	2.75	2.1	10.5	6.8
73	57	Wills (George)	69	...	3.35	3.9	7.2	5.3
37	28	Wilson Walton 10p	29	−1	‡3.23	2.6	‡	3.5
65	44½	Wimt Inds. 20p	57½	+1½	3.12	φ	8.1	φ
60	47	Witter (Thomas)	50	...	3.51	2.7	10.5	5.2
52	40	Wood & Sons 5p	52	...	d1.67	1.9	4.8	(11.0)
36	30	Wood (Arthur) 5p	33	...	1.0	5.7	4.5	5.1
107	91	Wood Hall	95	...	†5.94	1.3	9.3	12.0

INSURANCE

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
148	104	Bowring (C. T.)	128	...	3.36	5.3	3.9	7.1
38	24	Brentnall Bd. 10p	24	...	0.57	—	3.6	—
200	156	Britannic 5p	174	...	10.14	—	8.7	—
£13	£9⅞	Combined Am. $1	£10¾	...	Q$1.2	—	5.6	—
185	140	Comm. Union	150	−4	8.54	—	8.5	—
190	125	Eagle Star	160	−2	6.84	—	6.4	—
38	26	Edn. & Gen. Int. 10p	31	...	—	—	—	—
£130	£121	Enda UK 9% Cnv.	£121	...	Q9%	—	f7.4	—
238	164	Equity & Law 5p	220	...	7.75	—	5.3	—

INSURANCE—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	188	Gen. Accident	228	−8	9.04	—	5.9	—
290	210	G.R.E.	248	−6	11.6	—	7.0	—
705	385	Hambro Life	660	+5	23.8	—	5.4	—
280	205	Heath (C.E.) 20p	205	...	5.42	φ	3.9	φ
151	105	Hogg Robinson	124	...	†h4.18	3.1	5.0	9.7
137	87	Howden (A.) 10p	90	+1	7.0	1.6	11.6	7.6
£42	£36	Do Warrants	£41	...	—	—	—	—
190	138	Legal & Gen. 5p	171	−1	6.51	—	5.7	—
158	118	Lon. & Man. 5p	140	...	7.24	—	7.7	—
196	167	London United 20p	168	+1	5.31	4.2	4.7	7.5
230	167	Matthew Wr. 20p	208	+1	11.05	2.4	7.9	7.1
194	129	Minet Hldgs. 20p	141	+1	3.72	3.9	3.9	8.7
60	34	Moran (Chris) 20p	36	...	†3.62	1.4	15.0	7.0
304	216	Pearl 5p	266	−4	14.05	—	7.9	—
306	218	Phoenix	248	−6	11.56	—	7.0	—
158	134	Provident	150	...	9.12	—	9.1	—
193	134	Prudential	172	−2	8.06	—	7.0	—
172	134	Refuge 5p	160	...	9.2	—	8.6	—
443	325	Royal	383	−7	18.77	—	7.3	—
123	95	Sedg Forbes 10p	97	−2	†5.0	2.1	7.7	9.1
105	82	Stenhouse	90	...	4.52	2.5	7.5	6.6
682	474	Sun Alliance £1	580	−8	22.5	—	5.8	—
147	95	Sun Life 5p	136	+1	†3.48	—	3.8	—
938	615	Taisho Mar. EDR	654	+8	Q10%	—	0.2	—
215	170	Trade Indemnity	215	...	9.38	—	6.5	—
£27¾	£20¾	Travelers $2.50	£23⅞	+1½	Q$1.68	—	3.5	—
270	225	Willis Faber	240	−2	10.05	2.2	6.2	11.1

LEISURE

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
100	55	Anglia TV 'A'	90	−1	†3.14	4.0	5.2	7.2
105½	70	Assoc. Leisure 5p	93½	−1	†3.07	3.5	4.9	7.2
167	107	Barr & W.A.T. 'A'	142	−1	3.5	φ	3.7	φ
102	80	Black Edgtn. 50p	80	...	d4.99	1.6	9.3	8.8
202	156	Boosey & Hawkes	190	...	5.67	2.5	4.4	12.1
127	92	Campari Int. 20p	123	...	†2.0	9.2	2.4	4.6
133	106	Coral Leis. 10p	118	−3	6.7	2.0	8.5	8.7
53	35	Grampian 'A' 10p	48	...	2.44	φ	7.6	φ
163	118	HTV Non/Vtg.	154	...	†9.0	2.0	8.9	8.5
37	16	Hawley Leisure 5p	36½	+3½	0.1	φ	0.4	φ
37	21	Highgate Opt. 10p	22xd	...	1.8	φ	12.2	φ
274	127	Horizon 5p	228	+2	5.64	4.6	3.7	8.7
26	16	H'w'rd Wy'd 20p	17	...	†h0.62	3.8	5.4	4.9
176	136	LWT "A"	173	...	†9.28	1.9	8.0	9.7
186	107	Magnt. Ag. M. 10p	179xd	−6	g6.89	3.5	5.7	7.0
40	35	Medminster 10p	38	...	†2.03	2.1	8.1	8.9
10	8	Nationwide 5p	10	...	h0.15	2.9	2.2	23.0
158	140	Norton & Wrt. 10p	148	−2	†h2.12	3.8	2.1	18.1
49	39	Photax (Lon.)	45	...	d3.08	2.0	10.0	7.5
165	89	Pleasurama 5p	148	+1	†2.4	7.2	2.4	8.5
71	65	Redf. TV Pref. £1	71	...	5.95	27.4	12.5	—
244	161	Saga Holidays	161	−5	g6.75	2.5	6.3	9.6
238	104	Samuelson 20p	218	...	d8.39	1.6	5.8	15.8
90	62	Scott. TV 'A' 10p	90	+1	2.63	8.0	4.4	4.3
69½	50½	Tr'd'nt TV 'A' 10p	62½	−½	3.16	2.8	7.5	7.0
98	64	Ulster TV 'A'	96	+1	†4.3	φ	6.7	φ
22	18	Webb (Jos.) 5p	18	−½	hd0.45	4.2	3.7	8.7
33½	27	Westward TV 10p	30	−½	†1.84	1.7	9.2	9.4
77	54	Zetters 5p	71½	...	1.3	7.1	2.7	7.8

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
26	18	B.L. 50p	25	...	—	—	—	—
215	160	Gen. Mts. Units	173	+1	Q27.5c	2.0	8.1	5.6
52	41	Lotus Car 10p	46	...	—	—	—	9.8
12½	9¼	Reliant Mtr. 5p	10¼	−¼	—	—	—	7.8
105	84½	Rolls-Royce Mtrs.	85	−1	5.23	2.7	9.2	5.3
£13⅜	965	Volvo Kr50	£10	...	†Q14%	φ	8.3	φ

Commercial Vehicles

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
340	91	E.R.F. (Hldgs.)	122	...	†2.46	12.8	3.0	2.7
61	43	Fodens (50p)	49	−1	3.35	6.2	10.2	(1.8)
14½	7½	Peak Invests. 10p	11	...	—	—	—	—
[illegible]								

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

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TEXTILES

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TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

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INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	...	—	—	—
171	124	Bougainville 50 Toea	127	−1	Q15c	1.0	7.3
140	84	BH South 50c	103	...	—	—	—
730	340	Central Pacific	730	+60	—	—	—
318	220	Conzinc Riotinto 50c	220	−3	†Q10c	2.0	2.7
36	21	Cultus Pacific N.L.	21	...	—	—	—
[illegible]							

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

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NOTES

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FINANCIAL TIMES

Friday June 8 1979

FAA 'hysterical' airlines say

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AND European airlines with DC-10 aircraft yesterday bitterly attacked the U.S. Federal Aviation Administration's decision to ground all U.S. DC-10 jets indefinitely.

The FAA's decision, which was widely followed throughout the world, was described as hysterical by some affected airlines, as a scramble for alternative equipment, such as Boeing 707s and Douglas DC-8s, got under way.

In Britain, the Civil Aviation Authority, responsible for the airworthiness of civil aircraft in the UK, sought urgent clarification from the FAA of the precise reasons for Wednesday's decision.

"We have sent the FAA a long and complex list of technical questions to which we want answers," said the CAA.

While the CAA remains confident that the DC-10s on the UK register are safe to fly, it does not intend to clear them until it has learned more about the FAA's reasons.

Similar questions were being put to the FAA yesterday by the airworthiness organisations of many other countries.

In particular, they want to know how many of the faults in engine pylon mountings occurred on the earliest Series 10 DC-10s, and the evidence for a "possible design flaw" discovered in the aft bulkhead.

So far, all the other airworthiness authorities have acted under the unwritten rule that, if the FAA expresses dissatisfaction or concern about a U.S.-built and certified airliner, they must also be concerned.

But they have not yet got the details needed to enable them to check the aircraft on their own registers.

In the meantime, the affected airlines rushed to charter Boeing 707s and other long-haul jets, including Boeing 747s and Lockheed TriStars.

The result was an immediate rise in charter and leasing rates to the point where British Caledonian, which has three DC-10s, expressed annoyance, but did not identify the aircraft owners or brokers concerned.

"We are shopping around," a BCAL spokesman said. "We will try to find someone else who is being fair."

BCAL will now retain two Boeing 707s it was planning to sell.

Sir Freddie Laker, chairman of Laker Airways, which has six DC-10s, was also looking for other aircraft, and had sub-chartered some, including an Airbus, for short-haul work. Yesterday's and today's Skytrain flights to the U.S. were cancelled.

One effect of this has been a shortage of cheap "Stand-By" seats on the scheduled airlines, including British Airways, Pan American and Trans World Airlines.

Both Sir Freddie and Sir Peter Masefield, of British Caledonian, said the U.S. had "panicked." Sir Peter said: This is a sensible industry that works on good technical judgment, and not on harum-scarum panic measures.

"We are satisfied from our own inspections and knowledge of this aircraft that they are safe, have no problems and that we will be able to find any problems ourselves before they become serious."

The criticism was echoed by other airline chiefs.

Lufthansa, the West German airline, said that the FAA had reacted hysterically. Japan Air Lines said it was perplexed by the "blanket decision" to withdraw the type certificate.

The Airline Passengers' Association attacked Mr. Langhorne Bond, administrator of the FAA, for being "evasive and deceptive" in his conduct of the affair since the crash at Chicago on May 25.

Jurek Martin writes from Washington: Inspectors from the FAA and the National Transportation Safety Board are intensifying their investigations into the possibility of fundamental structural flaws in the aircraft.

They are being led by staff of the FAA's Los Angeles office, adjacent to one of the main McDonnell-Douglas assembly plants.

An FAA spokesman said it was still impossible to say how long the DC-10s would remain out of service: it was far too early for the inspectors to have come up with any additional findings or explanations.

McDonnell-Douglas may appeal to the National Transportation Safety Board against the suspension of airworthiness certificates of all DC-10 models. The company said on Wednesday that only the DC-10 series 10, used mainly on domestic and shorter flights, had been found faulty; the series 30 and 40 still had a clean bill.

The FAA believes there is sufficient commonality of design to justify grounding all versions.

Sir Freddie Laker: Looking for aircraft.

Other DC-10 news Page 4
What it means for airlines and passengers Page 20

Euro-elections off to apathetic start

BY REGINALD DALE, EUROPEAN EDITOR.

THE FIRST European elections got off to a slow and largely apathetic start in the four of the nine EEC countries that voted yesterday — the UK, Ireland, Denmark and the Netherlands. No more than half the electorate appeared to have gone to the polls.

Turnout is expected to be considerably higher in the five countries that vote on Sunday—France, Germany, Italy, Belgium and Luxembourg. But Throughout the Community the first democratic vote for the European Parliament is likely to be significantly smaller than usual in national elections. Full results will be known on Monday.

In Denmark, like the UK, turnout was about 50 per cent—the lowest vote in any Danish poll since the second world war.

It was the same story in the Netherlands. A straw poll conducted for the Dutch national news agency, ANP, suggested turnout had been 57.8 per cent, against 87.5 per cent in the 1977 general elections.

Full alert

Gains were attributed to the Christian Democrats, the major partners in the government coalition, and the small left-wing D'66. Labour, the main opposition party, and the Liberals, junior partners in the coalition, lost support according to the poll.

In Northern Ireland, which continued the 50 per cent trend, 30,000 police and troops were on full alert to guard polling stations. One station near Belfast city centre was attacked with a grenade and automatic weapons, but there were no casualties.

Leaving aside Belgium and Luxembourg, where voting is obligatory, turnout seems likely to be highest in Italy and France, where 80 per cent and 68 per cent of voters respectively say they plan to vote, according to the latest Euro-barometer poll conducted by the EEC Commission.

Worst informed

The survey suggested that British public opinion was by far the worst informed about the elections' purpose, although awareness had increased slightly in the past few months.

The UK was also the least enthusiastic EEC member, according to the survey. Only 33 per cent of UK voters questioned thought Community membership was "a good thing." Thirty-four per cent said it was a "bad thing" and 26 per cent thought it "neither good nor bad."

In France, where the Community has been under vigorous attack from both Gaullists and Communists, 83 per cent said they thought EEC membership was a good thing—second only to 84 per cent in the Netherlands.

Looking further ahead, the British were marginally more enthusiastic. Forty-one per cent said they thought EEC membership would turn out to be good in 10 to 15 years, against 25 per cent who thought it would be bad.

France in bid to block British EEC budget move

BY MARGARET VAN HATTEM IN BRUSSELS

FRANCE appears determined to head off British attempts to wrest a commitment from EEC heads of Government meeting in Strasbourg later this month, to set about reducing Britain's disproportionately large net contribution to the EEC budget.

This follows strong indications from the Conservative Government, reaffirmed in Brussels yesterday, that it gives top priority to getting a more equitable deal on this issue in Strasbourg.

Energy policy

France, holder of the EEC presidency, appears bent on securing a major debate on energy policy and on pushing budgetary transfers to the bottom of the agenda.

Britain faces a tough fight to make its voice heard: only Italy is giving strong support. Ireland is expressing non-committal sympathy, Germany is equivocal, while Denmark and Belgium are openly hostile.

A French official said yesterday that France did not consider the matter to be of general Community interest—despite the reported success of the meeting between Mrs. Thatcher and President Giscard d'Estaing of France in Paris earlier this week, at which the budget issue was discussed.

Britain is the third poorest country per capita in the EEC, but has already, according to some calculations, overtaken Germany as the largest net contributor to its budget. This is mainly because farm spending, which swallows three-quarters of the EEC budget, gives little to Britain's tiny farm sector.

Sir Ian Gilmour, the Lord Privy Seal, said yesterday after a meeting with the Belgian Foreign Minister, M. Henri Simonnet, that the UK Government's principal aim at the Strasbourg summit would be to get the other governments to recognise that there was a problem, and to issue a declaration committing Community institutions to studying it and proposing remedies this year.

Meanwhile, Sir Donald Maitland, Britain's ambassador to the EEC, appealed to the other eight ambassadors for "urgent drastic action" to be implemented before the end of the year.

Britain's net contribution to the budget was expected to rise to 1.5bn units of account (about £1bn) next year, from an estimated £943m units of account this year.

Steps taken so far, including a new report prepared by the Community's economic policy committee on the problems of economic convergence, were inadequate, Sir Donald said.

He described the report as "useless," and suggested that rather than presenting it to Finance Ministers on June 18, the Ministers should be left to work out their own ideas before the summit on June 21 and 22.

Britain was not seeking a "just return" on each individual EEC policy, nor did it feel net contributions had to reflect precisely the relative economic positions of member states.

It accepted that bringing the economic performance of the Nine closer together was primarily a national and not a Community responsibility. But Community policies should complement national efforts, and so far they were failing to do so adequately.

Complaints

One of the main British complaints is that despite instructions from the last European summit in Paris in March that the issue examined in depth, neither its partners nor the economic policy committee have made much effort to tackle it.

Belgium contends that although the cost of farm price support is high, Britain would be, even worse off without the CAP because maintaining the old British system of deficiency payments would cost it an extra £3m a year.

This, say the British, misses the point. The CAP causes a huge flow of funds out of Britain, and even if spending on deficiency payments was higher, no money would actually leave the country. The Belgian argument, they add, is typical of the "economic illiteracy" in some of its EEC partners.

Prior sets up probe into unions' recruitment fight

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT has fulfilled the first of its manifesto promises on industrial relations by setting up an inquiry into trade union recruitment of art studio and advertising agency employees.

Although no unions were named in yesterday's announcement, the inquiry is aimed principally at the process workers' union SLADE and the other main print craft union, the National Graphical Association.

The unions reacted angrily last night, but there are signs that the Government is to proceed more warily than its criticisms in Opposition—especially of SLADE—would have suggested.

The inquiry will be private and has not been asked to make any recommendations. It will be conducted by Mr. Andrew Leggatt, QC, and report in about three months' time.

It will probe a bitter struggle between the two unions three years ago for membership in the mainly unorganised advertising industry, and complaints of strong-arm tactics and "blacking" directed against non-union houses and artwork.

Mr. James Prior, Employment Secretary, said the inquiry was to "establish a complete and impartial account of what happened, who was involved, and what the consequences were."

The inquiry, which is likely to attract a flood of grievances from employers and from disaffected union members; will become involved in contentious issues like the closed shop and "secondary" industrial action.

Its report may therefore influence Mr. Prior's ideas on legal changes on these areas of trade union activity promised by the end of the year.

According to the Institute of Practitioners in Advertising, which has 306 member companies, there is no recruitment or blacking problem. SLADE, if not the NGA, has dropped the "*fair list*" and labelling of union-produced artwork.

But the two unions, whose planned merger recently failed, may be preparing a new recruitment drive later in the summer—this time without the old tactics or the same emphasis on the closed shop.

Mr. David Wheeler, director of the IPA, said last night he welcomed the fact that the inquiry was not to make recommendations "That tends to invite action where it might be better to take no action," he said.

"There is no problem at the moment, but that is not to say that there cannot be a return of the same tactics."

There were still fundamental questions of employees' freedom to decide whether to join a trade union to be loked at, he said.

Mr. John Jackson, general secretary of SLADE, said his attitude to the inquiry would depend on the simple question of whether it would help industrial relations in the industry.

"My guess is that it is likely to do more harm than good.

"My first reaction is one of anger. At no stage last year when the Tories were gaining public political advantage from their comments about SLADE did they even come to us for information.

"Now they are in Government they are apparently asking us to be more serious and constructive than they were last year."

Fuel-saving package for South Africa

BY QUENTIN PEEL IN JOHANNESBURG

THE SOUTH AFRICAN Government yesterday announced a package of drastic fuel-saving measures, including a 40 per cent price increase, a sharp reduction of the speed limit in big cities, and mandatory supply cuts to all sectors of the economy.

The severity of the package, announced by Mr Chris Heunis, the Minister of Economic Affairs, is due to South Africa being dependent on the international spot market for more than 90 per cent of its oil supplies. It is paying up to $40 a barrel for oil, adding R2bn (£1.1bn) to its annual import bill.

The most important measures include a petrol and diesel price rise of 15 cents a litre, from the current level of 38 cents, and a reduction in the speed limit from 90 to 70 kilometres an hour in major metropolitan areas. Sales hours for garages are to be further restricted, with compulsory closures at weekends.

The sizes of the crucial supply cuts to agriculture, mining, commerce and industry — designed primarily to save diesel, which is in far shorter supply than petrol—have not been revealed. They are to be worked out by sectoral committees, in consultation with the oil majors, Mr. Heunis said.

But observers here believe the cuts could amount to 20 per cent of supplies.

South Africa has had to buy virtually all its oil on the spot markets since the Iranian revolution, which cut off some 90 per cent of its oil imports. Mr. Heunis said that availability, rather than price, was the major constraint. He disclosed that oil imports during the first quarter had dropped by almost 40 per cent.

The huge price increases on the spot market had been offset to a significant extent by the increase in the prices of gold, diamonds and other precious metals, protecting South Africa from a serious balance of payments problem. The major effect of the latest measures will therefore be on the cautious recovery in the domestic economy.

Mr. Heunis said the price rise would add some 1.9 per cent to the rate of inflation, although he pleaded for producers not to pass on the full cost to consumers. The major manufacturers' organisations last night called for urgent measures to reduce the impact of the oil shortage on economic growth, warning that present growth strategy could be seriously upset by the conservation measures.

Apart from the mandatory measures, Mr. Heunis said the electrification programme of the South African railways would be accelerated, while steps were also being taken, "in collaboration with the private sector, to reduce the use of road motor transport."

Mr. Heunis gave no indication of the effect of the restrictions on South African supplies to neighbouring countries. But petrol prices in Rhodesia have already increased by more than 50 per cent this year, and strict rationing is in force, so observers here believe that further cuts may not be immediately demanded. Botswana, Lesotho and Swaziland, all of which rely on South Africa for fuel supplies, are expected to introduce measures similar to South Africa's.

Weather

UK TODAY

GENERALLY cloudy with some rain. Sunny intervals in some areas.

London, Midlands, S.E. and N.W. England, N. Wales, Isle of Man, N. Ireland

Sunny intervals at first, becoming cloudy with some rain. Max. 17C (63F).

E., Cent. S., Cent. N., and S.W. England, Channel Is, S. Wales, Borders, E. Scotland

Cloudy, some rain in places. Max. 16C (61F).

Lake District, Rest of Scotland

Cloudy, some sunny intervals later. Max. 14C (57F).

Outlook: Cloudy with rain in places, but brighter weather spreading from North on Sunday.

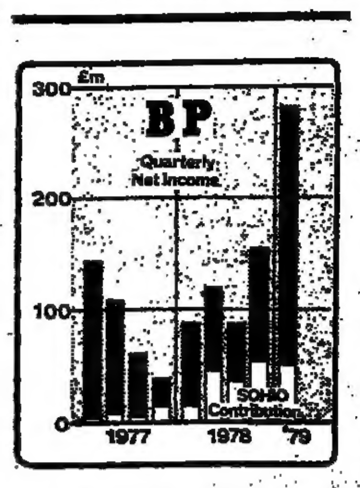
WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	25	77	Locarno	C	20	68
Algiers	F	24	75	London	R	13	55
Amsdm.	F	16	61	Luxmbg.	C	16	61
Athens	S	25	77	Luxor	S	39	102
Bahrain	S	37	99	Madrid	S	27	81
Barclna.	S	23	73	Majorca	S	27	81
Beirut	S	25	77	Malaga	S	24	75
Belfast	S	15	59	Malta	F	25	77
Belgrd.	S	30	86	M'chstr	R	11	52
Berlin	R	17	63	Melbne.	S	16	61
Biarritz	C	17	63	Milan	F	23	73
Bmghm.	C	15	59	Mntreal.	S	22	72
Blackpl.	F	15	59	Moscow	C	17	63
Bordx.	F	19	66	Munich	C	16	61
Boulgn.	C	12	54	Nairobi	S	23	73
Bristol	R	14	57	Naples	F	25	77
Brussels	R	13	55	Nwcstl.	C	13	55
Budpst.	S	31	88	N. York	F	22	72
Cairo	S	31	88	Nice	S	24	75
Cardiff	F	14	57	Nicosia	S	26	79
Cas'b'ca	S	23	73	Oporto	S	26	79
Cape T.	S	16	61	Oslo	S	25	77
Chicago	C	22	72	Paris	F	16	61
Cologne	C	16	61	Perth	S	19	66
Cpnhgn.	S	23	73	Prague	C	18	64
Corfu	S	27	81	Reykjvk.	C	9	48
Dublin	C	15	59	Rhodes	S	25	77
Dbrvnk.	S	26	79	Rio J'o	S	27	80
Ednbgh.	C	12	54	Rome	C	20	68
Faro	S	28	82	Salzbrg.	R	16	61
Florence	F	26	79	Singapr.	S	30	86
Frankft.	C	21	70	Stckhm.	S	29	84
Funchal	S	22	72	Strasbg.	C	19	66
Geneva	F	19	66	Sydney	S	19	66
Glasgow	R	14	57	Tangier	S	26	79
G'nsey	C	13	55	Tehran	C	26	79
Helsinki	S	26	79	Tel Aviv	S	26	79
H. Kong	S	30	86	Tenerife	F	18	64
Innsbrk.	C	17	63	Tokyo	C	24	75
Invrnss.	C	13	55	Toronto	S	21	70
I.o.Man	F	13	55	Tunis	F	25	77
Istanbul	S	20	68	Valencia	F	24	75
Jersey	C	13	55	Venice	F	25	77
Jo'burg	S	17	63	Vienna	S	28	82
L. Plms.	S	23	73	Warsaw	S	28	82
Lisbon	S	26	79	Zurich	F	17	63

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Profit pumps are full at BP



Index fell 2.9 to 514.0

The erratic behaviour of oil company earnings can usually be blamed on the accountants, so it was only natural that when BP announced first quarter net income of £281.9m, against £85.6m, a good deal of the increase should have been put down to stock profits. It seems, however, that stock appreciation accounted for no more than £50m, rather than the rough estimate of £100m or so that was circulating in the market, which means that the figures are really rather good.

The last quarter of 1978, in which BP, already enjoying fatter margins as oil became more scarce, made £152m with no stock profit element, is a more sensible basis of comparison than the previous first quarter. Since the turn of the year BP has lost its Iranian supplies, which is reflected in the lower figures for crude oil sales, but then trading margins on this business were always meagre. Earnings from Alaska and the Forties and Ninian fields look to have risen substantially, however, and there is a useful first-time contribution from the Ruhrgas stake. The downstream investments in Europe are now performing handsomely for a change. All in all the underlying improvement in BP's earnings between the fourth quarter of last year and the first quarter of this seems to have been much more marked than Shell's duller experience would have suggested.

Next week's Budget may be trying for BP, as the Chancellor may well propose a sale of part of the Government's shareholding, an increase in Petroleum Revenue Tax, and a lowering of the uplift allowance, which would make the development of fields such as Magnus more expensive. But with the oil price still looking buoyant BP's margins will continue to be very healthy and a further stream of stock profits is assured. Even with higher taxes BP could easily make a net £900m this year; on this basis the shares, at £12.40, are trading on only 5½ times prospective earnings. This multiple may be freakishly low, as 1980 profits are unlikely to be as high, but BP is enjoying its jam today.

BTR/Bestobell

BTR has apparently had its eyes on Bestobell for years, and a bid could make a lot of sense. Bestobell makes attractive returns in most of its actvities, but appears to have a number of specific problems which might respond to a new management approach. And its business seems to overlap BTR's in quite a number of areas.

Another plus point for BTR in a bid is the strength of its own share price, which currently stands over 50 per cent above this year's low point. But it is probably going to have to pay more than the 200p per share mooted yesterday. That would be a premium of about one-fifth on the recent market price, and be roughly in line with net worth. The historic dividend yield would be over 7 per cent.

Shell Companies

There are some salutary lessons for the City in the Department of Trade Inspectors' report on Larkfold Holdings. On its own, this company would have had no chance of obtaining a stock exchange quotation. But by taking over a "shell" company—a largely dormant business with an established stock exchange listing—its directors were able to undermine the principles underlying the granting of a quotation, and use its shares in their increasingly reckless efforts to diversify.

Should the Stock Exchange have suspended the shares before the story even started? The authorities have to take account of the interests of existing shareholders, who could well be locked in by such a suspension. But they also have to think about the interests of prospective purchasers, and above all they have to protect the reputation of the market place. In this case, Larkfold was clearly given too much rope. To be fair, though, the Stock Exchange has more recently been much more rigorous about weeding out such potential shells.

Another worrying point is the speed with which a company that started off with respec[...] City backers found itse[...] what the Inspectors [...] describe as "less responsi[...] hands. The Stock Exchange h[...] a monitoring role here, which [...] this case it does not seem [...] have fulfilled. It is also [...] ask whether Arbuthnot La[...] which was closely conce[...] with the story in its early sta[...] should not have felt some [...] tinuing obligation to the [...] ness, at it no doubt would ha[...] done if it had brought Larkfo[...] to the market as a complete new issue.

Finally there is the fam[...] issue of Section 54 of the 1[...] Companies Act, which forb[...] the use of a company's mone[...] buy its own shares. Like ne[...] everyone else, the Inspect[...] think that the penalties [...] hopelessly inadequate.

Plantation shares

Harrisons and Crosfield a[...] Guthrie Corporation had alrea[...] forecast their 1978 results [...] the actual figures hold [...] surprises. H and C's pre[...] profits were £1m lower [...] £52.3m and Guthrie's pro[...] were £1.8m up at £20.9m. B[...] companies had a poor first ha[...] —their plantation interests we[...] hit by the drought—but [...] much better in the second s[...] months. Guthrie, in particula[...] pulled out all the stops. Havi[...] made just £4.8m in the first ha[...] it made £16.1m in the secon[...] half—nearly double the amou[...] in the comparable period of la[...] year. By contrast two oth[...] plantation companies to repo[...] yesterday, Warren Plantatio[...] and James Finlay have been h[...] by softening tea prices.

With rising commodity pric[...] plus some recovery from th[...] drought both H and C Guthr[...] are expecting a much bett[...] performance in the current yea[...] H. and C should be able to tr[...] £60m and Guthrie has alread[...] said that it will make £30m.

This is not as formidable target as it loks. If Guthrie' non-plantation interest were t[...] make as much money as the[...] did in 1976 and Europe wer[...] to stay out of the red, Guthri[...] should be capable of makin[...] £32m in 1979 without any extr[...] contribution from the plant[...] tion side. But Guthrie's problem is that it has still not prove[...] that it can successfully handl[...] its ambitious diversificatio[...] plans. If it makes another mi[...] take, Sime Darby will be read[...] to pounce. However at 615p [...] prospective yield of 6.8 per cen[...] plus the promise of strong pr[...] fit growth provides some com[...] fort.

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